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PRESIDENTIAL DECREE NO.

INSTITUTING THE "REVISED ADMINISTRATIVE CODE OF 1978"

WHEREAS, the existing Administrative Code has been enacted in 1917 and, save for certain piecemeal amendments and revisions to some parts thereof, there has been thus far no overall and integrative recodification of its provisions;

WHEREAS, there exists in the 1917 Code a substantial number of provisions which have either been modified, repealed or rendered obsolete by the 1973 Constitution, as amended, and by many other laws and decrees;

WHEREAS, the government service has undergone many structural, functional and procedural changes and innovations; and

WHEREAS, in order to update the Code and incorporate, collate and compile in a single consistent legal document all the changes and innovations emanating from the 1973 Constitution and the many scattered laws and decrees, there is need to recodify and adopt a new Administrative Code.

Now, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

INTRODUCTORY PROVISIONS

SECTION 1. *Title.*—This Decree shall be known as the "Revised Adminstrative Code of 1978."

SEC. 2. *Meaning of Terms During Transitory Government.*—Until the parliamentary system becomes fully operative as provided in the 1973 Constitution, as amended:

(1) *President* refers to the incumbent President or, in case of permanent disability, death or resignation of the

incumbent President, to the person who acts as President or who is duly elected President in accordance with law.

(2) *Prime Minister* refers to the incumbent President or, in case of permanent disability, death or resignation of the incumbent President, to the person who acts as Prime Minister or who is duly elected Prime Minister in accordance with law.

(3) *President/Prime Minister* refers to the incumbent President or, in case of permanent disability, death or resignation of the incumbent President, to the person who succeeds as President or as Prime Minister, in accordance with either of the two preceding paragraphs, as the case may be.

SEC. 3. Meaning of Terms Upon Operation of Parliamentary System.—As soon as the parliamentary system becomes fully operative as provided in the Constitution:

(1) *Incumbent President* shall refer to the President on January 17, 1973, when the 1973 Constitution came into full force and effect.

(2) *President* shall refer to the President provided for under Article VII of the Constitution.

(3) *Prime Minister* shall refer to the Prime Minister provided for under Article IX of the Constitution.

(4) *President/Prime Minister* shall refer to the Prime Minister provided for under Article IX of the Constitution, except when from the context the term otherwise refers to the President provided for under Article VII of the Constitution.

SEC. 4. General Terms Defined.—Unless the specific words of the text, or the context as a whole, shall require a different meaning:

(1) *Government of the Republic of the Philippines* refers to the corporate governmental entity through which the functions of government are exercised throughout the Philippines, including, save as the contrary appears from the context, the various arms through which political

authority is made effective in the Philippines, whether pertaining to the provincial, city, municipal or barangay subdivisions or other forms of local government.

(2) *National Government* refers to the entire machinery of the central government, as distinguished from the different forms of local government.

(3) *Local Government* refers to the political subdivisions established by or in accordance with the Constitution.

(4) *Agency of the Government* refers to any of the various units of the Government, including a ministry, bureau, office, instrumentality, or corporation, or a local government or a distinct office therein.

(5) *National agency* refers to a unit of the National Government.

(6) *Local agency* refers to a local government or a distinct unit therein.

(7) *Ministry* refers to an executive department created by law. For purposes of Book IV, this shall include any instrumentality, as herein defined, having or assigned the rank of a ministry, regardless of its name or designation.

(8) *Bureau* refers to any principal subdivision or unit of any ministry. For purposes of Book IV, this shall include any principal subdivision or unit of any instrumentality given or assigned the rank of a bureau, regardless of actual name or designation, as in the case of ministry-wide regional offices.

(9) *Office* refers, within the framework of governmental organization, to any major functional unit of a ministry or bureau including regional offices. It may also refer to any position held or occupied by individual persons, whose functions are defined by law or regulation.

(10) *Instrumentality* refers to any agency of the National Government, not integrated within the ministerial framework, vested with special functions or jurisdiction by law, endowed with some if not all corporate powers,

administering special funds, and enjoying operational autonomy, usually through a charter. This term includes regulatory agencies, chartered institutions and government-owned or controlled corporations.

(11) *Regulatory agency* refers to any agency expressly vested with jurisdiction to regulate, administer or adjudicate matters affecting substantial rights and interests of private persons, the principal powers of which are exercised by a collective body, such as a commission, board or council.

(12) *Chartered institution* refers to any agency organized and operating under a special charter, and vested by law with functions relating to specific constitutional policies or objectives. This term includes the state universities and colleges, and the monetary authority of the State.

(13) *Government-owned or controlled corporation* refers to any agency organized as a stock or non-stock corporation by law, vested with functions relating to great public needs or essential public services, and owned by the Government either wholly, or to the extent of at least fifty-one percent where applicable, as in the case of stock corporations.

(14) "Officer," as distinguished from "clerk" or "employee," refers to a person whose duties, not being of a clerical or manual nature, involves the exercise of discretion in the performance of the functions of the government. When used with reference to a person having authority to do a particular act or perform a particular function in the exercise of governmental power, "officer" includes any government employee, agent or body having authority to do the act or exercise that function.

(15) "Responsible or superior officer" includes any officer in the Career Executive Service.

(16) "Employee," when used with reference to a person in the public service, includes any person in the service of the government or any of its agencies, divisions, subdivisions or instrumentalities.

BOOK I

SOVEREIGNTY AND GENERAL ADMINISTRATION

CHAPTER 1—*The National Territory*

SEC. 5. What Comprises National Territory.—The national territory comprises the Philippine archipelago, with all the islands and waters embraced therein, and all the other territories belonging to the Philippines by historic right or legal title, including the territorial sea, the air space, the subsoil, the sea-bed, the insular shelves and the other submarine areas over which the Philippines has sovereignty or jurisdiction. The waters around, between and connecting the islands of the archipelago, irrespective of their breadth and dimensions, form part of the internal waters of the Philippines.

SEC. 6. Territorial Subdivision of the Philippines.—The territorial and political subdivisions of the Philippines are the provinces, subprovinces, cities, municipalities and barangays.

CHAPTER 2—*The People*

SEC. 7. Who are Citizens.—The following are citizens of the Philippines:

- (1) Those who are citizens of the Philippines at the time of the adoption of the Constitution.
- (2) Those whose fathers or mothers are citizens of the Philippines.

(3) Those who elect Philippine citizenship pursuant to the provisions of the Constitution of nineteen hundred and thirty-five.

(4) Those who are naturalized in accordance with law.

SEC. 8. Effect of Marriage.—A female citizen of the Philippines who marries an alien shall retain her Philippine citizenship, unless by her act or omission she is deemed, under the law, to have renounced her citizenship.

SEC. 9. Natural-born Citizen.—A natural-born citizen is one who is a citizen of the Philippines from birth without having to perform any act to acquire or perfect his Philippine citizenship.

SEC. 10. Loss or Reacquisition of Citizenship.—Philippine citizenship may be lost or reacquired in the manner provided by law.

CHAPTER 3—*State Immunity from Suit*

SEC. 11. Non-suability of the State.—(1) No suit shall lie against the State except with its consent as provided by law.

(2) In cases of substantial injustice caused by the Government, the President/Prime Minister, upon proper petition, may waive the State's immunity from suit.

(3) Where the State sues upon any contract, the defendant may plead in defense thereto any counterclaim from the same or related transactions.

SEC. 12. The State's Responsibility for Acts of Agents.—

(1) The State shall be legally bound and responsible only through the acts performed in accordance with the Constitution and the laws by its duly authorized representatives.

(2) The State shall not be bound by the mistakes or errors of its officers or agents in the exercise of their functions.

CHAPTER 4—*National Symbols and Official Languages*

SEC. 13. *National Flag.*—(1) The flag of the Philippines shall be red, white and blue, with a sun and three stars, as consecrated and honored by the people and recognized by law.

(2) The custody, ceremonial use, occasion and manner of display, and the proper care and disposition of the flag shall be governed by appropriate rules and regulations.

SEC. 14. *National Anthem.*—The national anthem shall be sung or played upon the opening or start of all state celebrations or gatherings and on such other occasions as may be prescribed by appropriate rules and regulations.

SEC. 15. *Arms and Great Seal of the Republic of the Philippines.*—(1) The Arms shall have paleways of two pieces, azure and gules; a chief argent studded with three mullets equidistant from each other; and, in point of honor, ovoid argent over all the sun rayonnant with eight minor and lesser rays. Beneath shall be a scroll with the words “Republic of the Philippines,” or its equivalent in the national language, inscribed thereon.

(2) *The Great Seal* shall be circular in form, with the arms as described in the preceding paragraph, but without the scroll and the inscription thereon, and surrounding the whole, a double marginal circle within which shall appear the words “Republic of the Philippines,” or its equivalent in the national language. For the purpose of placing the Great Seal, the color of the arms shall not be deemed essential.

SEC. 16. *Use and Custody of Great Seal.*—The Great Seal shall be affixed to or placed upon all commissions signed by the President/Prime Minister and upon such other official documents and papers of the Republic of the Philippines as may be provided by law, or as may be required by custom and usage. The President shall have custody of the Great Seal.

SEC. 17. Arms, Seals and Banners of Government Offices.—The various offices of government may adopt appropriate coat-of-arms, seals and banners.

SEC. 18. Official Languages.—Until otherwise provided, Filipino and English shall be the official languages.

CHAPTER 5.—*Operation and Effect of Laws*

SEC. 19. When Laws Take Effect.—Laws shall take effect after fifteen days following the completion of their publication in the *Official Gazette*, unless it is otherwise provided.

SEC. 20. Prospectiveity.—Laws shall have prospective effect unless the contrary is expressly provided.

SEC. 21. Interpretation of Laws and Administrative Issuances.—(1) In the interpretation of a law or administrative issuance promulgated in all the official languages, the English text shall control, unless otherwise specifically provided. In case of ambiguity, omission or mistake, the other texts may be consulted.

(2) In the interpretation of laws enacted by the Philippine Legislature, the National Assembly of the Commonwealth, the Congress of the Republic of the Philippines, and the incumbent President of the Philippines, the language of the text used by the House that passed it or by the incumbent President shall control. In case of ambiguity, omission or mistake, the official translation filed in the Office of the Secretary of said House or the Records Office of the Office of the President, as the case may be, may be consulted.

(3) In the interpretation of laws enacted by the *Interim Batasang Pambansa* or the National Assembly under the 1973 Constitution, as amended, the language of the text used by it shall control; and in case of ambiguity, omission or mistake, the official translation filed in the Office of the Secretary of the Assembly may be consulted.

SEC. 22. *No Implied Revival of Repealed Law.*—When a law which expressly repeals a prior law is itself repealed, the law first repealed shall not be thereby revived unless expressly so provided.

SEC. 23. *Revival of Law Impliedly Repealed.*—When a law which impliedly repeals a prior law is itself repealed, the prior law shall thereby be revived, unless the repealing law provides otherwise.

SEC. 24. *Ignorance of Law.*—Ignorance of the law excuses no one from compliance therewith.

CHAPTER 6—*Official Gazette*

SEC. 25. *Contents.*—There shall be published in the Official Gazette all important legislative acts and resolutions of a public nature; all executive and administrative issuances of general application; decisions or abstracts of decisions of the Supreme Court and the Court of Appeals, or other courts of similar rank, as may be deemed by the said courts of sufficient importance to be so published; such documents or classes of documents as may be required so to be published by law; and such documents or classes of documents as the President/Prime Minister shall determine from time to time to have general application or which he may authorize so to be published.

SEC. 26. *Editing and Publications.*—The Official Gazette shall be edited in the Office of the President/Prime Minister and published weekly in Pilipino or in the English language. It shall be sold and distributed by the Government Printing Office which shall promptly mail copies thereof to subscribers free of postage.

CHAPTER 7—*Legal Holidays*

SEC. 27. *Legal Holidays.*—(1) The legal holidays are: the first day of January, Thursday and Friday of Holy Week, the ninth day of April, the first day of May, the

twelfth day of June, the fourth day of July, the thirtieth day of November, Christmas Day, the thirtieth day of December, Sundays and the day designated by law for the holding of a general election: *Provided, however.* That with respect to Sundays, the pertinent provisions of the Labor Code and other existing laws shall be observed.

(2) When a legal holiday falls on a Sunday, the next succeeding day shall be observed as a legal holiday.

(3) The provisions of this Section shall be without prejudice to legal holidays fixed by other laws for particular groups or places.

SEC. 28. Special Holiday.—The President/Prime Minister may proclaim any other day a special holiday for a particular date, group or place.

SEC. 29. Pretermission of Holiday.—Where the day, or the last day, for doing any act required or permitted by law falls on a holiday, the act may be done on the next succeeding business day.

CHAPTER 8—*Legal Weights and Measures and Computation of Period*

SEC. 30. Official Use of Metric System.—The metric system of weights and measures shall be used in the Philippines for all products, articles, goods, commodities, materials, merchandise, utilities, services, as well as for commercial transactions like contracts, agreements, deeds and other legal instruments publicly and officially attested, and for all official documents. Only weights and measures of the metric system shall be officially sealed and licensed.

SEC. 31. Mandatory Nation-wide Use.—The metric system shall be fully adopted in all agricultural, commercial, industrial, scientific and other sectors. Persons or entities allowed under existing laws to use the English system or other standards and weights are given until the date to be fixed by the Metric System Board to adopt the metric system.

SEC. 32. *Computation of Period.*—(1) In computing a period, the first day shall be excluded, and the last day included.

(2) "Year" shall be understood to be twelve calendar months; "month" of thirty days, unless it refers to a specific calendar month in which case it shall be computed according to the number of days the specific month contains; "day," to a day of twenty-four hours; and "night," from sunset to sunrise.

CHAPTER 9—General Principles Governing Public Officers

SEC. 33. *Nature of Public Office.*—Public office is a public trust. Public officers and employees shall serve with the highest degree of responsibility, integrity, loyalty and efficiency, and shall remain accountable to the people.

SEC. 34. *Ethics in Government.*—All public officers and employees shall be bound by a Code of Ethics to be promulgated by the Civil Service Commission.

SEC. 35. *Inhibition against Purchase of Property at Tax Sale.*—No officer or employee of the government shall purchase directly or indirectly any property sold by the government for the non-payment of any tax, fee or other public charge. Any such purchase by an officer or employee shall be void.

SEC. 36. *Powers Incidental to Taking of Testimony.*—When authority to take testimony or receive evidence is conferred upon any administrative officer or any non-judicial person, committee, or other body, that authority shall include the power to administer oaths, summon witnesses, and require the production of documents by a *subpoena duces tecum*.

SEC. 37. *Liability of Superior Officers.*—(1) A public officer shall not be civilly liable for acts done in the performance of his official duties, unless there is a clear showing of bad faith, malice or gross negligence.

(2) Any public officer who, without just cause, neglects to perform a duty within a period fixed by law or regulation, or within a reasonable period if none is fixed, shall be liable for damages to the private party concerned without prejudice to such other liability as may be prescribed by law.

(3) A head of a ministry or a superior officer shall not be civilly liable for the wrongful acts, omissions of duty, negligence, or misfeasance of his subordinates, unless he has actually authorized by written order the specific act or misconduct complained of.

SEC. 38. Liability of Subordinate Officers.—No subordinate officer or employee shall be civilly liable for acts done by him in good faith in the performance of his duties. However, he shall be liable for willful or negligent acts done by him which are contrary to law, morals, public policy and good customs even if he acted under orders or instructions of his superiors.

CHAPTER 10—*Official Oaths*

SEC. 39. Oaths of Office for Public Officers and Employees.—Every officer and employee of the government including every member of the armed forces shall, before entering upon the discharge of his duties, take and subscribe to an oath of office, wherein he shall declare that he will support and defend the Constitution; that he will bear true faith and allegiance to it; obey the laws, legal orders and decrees promulgated by the duly constituted authorities; will well and faithfully discharge to the best of his ability the duties of the office or position upon which he is about to enter; and that he voluntarily assumes the obligation imposed by his oath of office without mental reservation or purpose of evasion. Copies of the oath shall be deposited with the Civil Service Commission and the National Archives.

SEC. 40. Officers Authorized to Administer Oath.—(1) The following officers have general authority to administer oath: Notaries public, members of the judiciary, clerks of court, the Secretary of the National Assembly, heads of ministries, bureau directors, registers of deeds, provincial governors and lieutenant-governors, city mayors, municipal mayors and any other officer in the service of the government of the Philippines whose appointment is vested in the President/Prime Minister.

(2) Oaths may also be administered by any officer whose duties, as defined by law or regulation, require presentation to him of any statement under oath.

SEC. 41. Duty to Administer Oath.—With the exception of notaries public, municipal judges and clerks of court, officers authorized to administer oaths are not obliged to administer oaths or execute certificates save in matters of official business; and with the exception of notaries public, the officer performing the service in those matters shall charge no fee, unless specifically authorized by law.

CHAPTER 11—*Official Reports*

SEC. 42. Annual Reports.—The heads of the several branches, subdivisions, ministries and agencies or instrumentalities of the Government shall prepare and submit annual reports to the President/Prime Minister on or before the last day of March of each year.

SEC. 43. Content of Reports.—The contents of the annual report shall be prescribed by law or, in the absence thereof, by executive order.

SEC. 44. Deposit with Archives.—Official copies of annual reports shall be deposited with the National Archives and shall be open to public inspection.

CHAPTER 12—*Public Contracts and Conveyances*

SEC. 45. Authority to Contract or Convey.—Contracts or conveyances may be executed for and in behalf of the Government or of any of its branches, subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations, whenever demanded by the exigency or exigencies of the service and as long as the same are not prohibited by law.

SEC. 46. Official Authorized to Convey Real Property.—Whenever real property of the Government is authorized by law to be conveyed, the deed of conveyance shall be executed in behalf of the government by the following:

(1) For property belonging to and titled in the name of the Republic of the Philippines, by the President/Prime Minister, unless the authority therefor is expressly vested by law in another officer.

(2) For property belonging to the Republic of the Philippines but titled in the name of any political subdivision or of any corporate agency or instrumentality, by the executive head of the agency or instrumentality.

SEC. 47. Authority to Convey other Property.—Whenever property other than real is authorized to be conveyed, the contract or deed shall be executed by the head of the agency with the approval of the head of ministry. Where the operations of the agency regularly involve the sale or other disposition of personal property, the deed shall be executed by any officer or employee expressly authorized for that purpose.

SEC. 48. Conveyance of National Government Property to Local Governments.—When the real property belonging to the National Government is needed for school purposes or other official use by any local government, the President/Prime Minister shall authorize its transfer, and the head of ministry or other authority concerned shall execute in favor of the local government the necessary deed of con-

veyance by way of gift, sale, exchange, or otherwise and upon such terms as shall be for the interest of the parties concerned. Nothing herein provided shall be deemed to authorize the conveyance of unreserved public land, friar land or any real property held by the Government in trust or for a special purpose defined by law.

SEC. 49. *Execution of Contracts.*—(1) Contracts in behalf of the Republic of the Philippines shall be executed by the President/Prime Minister unless authority therefor is expressly vested by law or by him in any other public officer.

(2) Contracts in behalf of the political subdivisions and corporate agencies or instrumentalities shall be approved by their respective governing boards or councils and executed by their respective executive heads.

BOOK II

DISTRIBUTION OF POWERS OF GOVERNMENT

CHAPTER 1—*Basic Principles and Policies*

SEC. 50. *Guiding Principles and Policies in Government.*
—Governmental power shall be exercised in accordance with the following basic principles and policies:

- (1) The Philippines is a republican state.
- (2) Sovereignty resides in the people and all government authority emanates from them.
- (3) The Government of the Republic is that organized and operating under the Constitution.
- (4) The powers of the Government are limited by the rights of the people, and their exercise by officers and employees shall be balanced by the fulfillment of their duties and obligations.
- (5) Civilian authority is at all times supreme over the military.
- (6) The political subdivisions of the State shall enjoy local autonomy as provided by law.
- (7) The separation of the Church and State shall be inviolable.
- (8) No act of Government derogatory to the Constitution and the laws shall be valid.
- (9) The powers expressly vested in any branch of the Government shall not be exercised by, nor delegated to, any other branch of the Government, except to the extent authorized by the Constitution.

CHAPTER 2—Transitory Government

SEC. 51. Qualified Applicability and Suspended Provisions During Transition Period.—During the transition period and before the regular National Assembly shall have been convened, the 1976 amendments to the Constitution shall apply *mutatis mutandis* in appropriate cases. The provisions of Chapter 3, Book II of this Code, are suspended during the transition period and until the regular National Assembly shall have been convened.

CHAPTER 3—Symbolic Head of State

SEC. 52. The President.—The President of the Philippines shall be the symbolic head of State.

SEC. 53. Election and Term of Office.—The President shall be elected from among the Members of the National Assembly by a majority vote of all its Members for a term of six years from the date he takes his oath of office, which shall not be later than three days after his proclamation by the National Assembly, nor in any case earlier than the expiration of the term of his predecessor.

SEC. 54. Qualifications.—No person may be elected President unless he is at least fifty years of age on the date of his election and a resident of the Philippines for at least ten years immediately preceding such election. However, if no Member of the National Assembly is qualified or none of those qualified is a candidate for President, any Member thereof may be elected President.

SEC. 55. Effect of Election and Qualification.—Upon taking his oath of office, the President shall cease to be a member of the National Assembly and of any political party. He shall be ineligible to hold any other elective office during his term.

SEC. 56. *Official Residence and Compensation.*—The President shall have an official residence and shall receive a compensation to be fixed by law, which shall not be increased or decreased during his term of office. He shall not receive during his tenure any other emolument from the Government or any other source. Until the National Assembly shall provide otherwise, the President shall receive an annual salary of One Hundred Thousand Pesos.

SEC. 57. *Succession.*—In case of permanent disability, death, removal from office, or resignation of the President, the Speaker of the National Assembly shall act as President until a successor has been elected for the unexpired portion of the term of the President.

SEC. 58. *Duties.*—The President shall have the following duties and functions:

- (1) Address the National Assembly at the opening of its regular session;
- (2) Proclaim the election of the Prime Minister;
- (3) Dissolve the National Assembly and call for a general election as provided for in the Constitution;
- (4) Accept the resignation of the Cabinet as provided for in the Constitution;
- (5) Attest to the appointment or cessation from office of members of the Cabinet, and other officers as may be provided by law;
- (6) Appoint all officers and employees in his office in accordance with the Civil Service Law; and
- (7) Perform such other duties and functions of State as may be provided by law.

SEC. 59. *Immunity from Suit.*—The President shall be immune from suit during his tenure as well as for acts done in connection with his official duties.

CHAPTER 4—*Legislative Power*

SEC. 60. Seat of Legislative Power.—The legislative power is vested in the National Assembly.

SEC. 61. Composition of National Assembly.—The National Assembly shall be composed of as many Members as may be provided by law to be apportioned among the provinces, representative districts and cities in accordance with the number of their respective inhabitants and on the basis of a uniform and progressive ratio. Each district shall comprise, as far as practicable, contiguous, compact, and adjacent territory. Representative districts of provinces already created or existing at the time of the ratification of the Constitution shall have at least one Member each.

SEC. Term of Office.—(1) The Members of the National Assembly shall be elected by the qualified electors in their respective districts for a term of six years which shall begin, unless otherwise provided by law, at noon on the thirtieth day of June next following their election.

(2) In case the National Assembly is dissolved, the newly elected Members shall serve the unexpired portion of the term from the time the Prime Minister convokes the Assembly, which shall not be later than thirty days immediately following the elections.

SEC. 63. Qualifications.—No person shall be a Member of the National Assembly unless he is a natural-born citizen of the Philippines and, on the day of the election, is at least twenty-five years of age, able to read and write, a registered voter in the district in which he shall be elected, and a resident thereof for a period of not less than one year immediately preceding the day of the elections.

SEC. 64. Election of Members.—(1) Unless otherwise provided by law, regular election of Members of the National Assembly shall be held on the second Monday of May and every six years thereafter.

(2) In case a vacancy arises in the National Assembly one year or more before a regular election, the Commission on Elections shall call a special election to be held within sixty days after the vacancy occurs.

SEC. 65. *Sessions.*—The National Assembly shall convene once every year on the fourth Monday of July for its regular session, unless a different date is fixed by law, and shall continue to be in session until thirty days before the opening of its next regular session, exclusive of Saturdays, Sundays and legal holidays. It may recess for a period not exceeding thirty days each, and not more than ninety days during the year. However, it may be called to session at any time by the Prime Minister to consider such subjects or legislations as he may designate.

SEC. 66. *Election of Speaker and Other Officers.*—The National Assembly shall, by a majority vote of all its Members, elect its Speaker from the Members thereof. It shall choose such other officers as it may deem necessary.

SEC. 67. *Election of Prime Minister.*—The Prime Minister shall be elected by a majority of all the Members of the National Assembly from among themselves.

SEC. 68. *Quorum.*—A majority of the National Assembly shall constitute a quorum to do business, but a smaller number may adjourn from day to day and may compel the attendance of absent Members in such manner, and under such penalties, as the National Assembly may provide.

SEC. 69. *Disciplinary Action.*—The National Assembly may determine the rules of its proceedings, punish its Members for disorderly behavior and, with the concurrence of two-thirds of all its Members, suspend or expel a Member, but if the penalty is suspension, this shall not exceed sixty days.

SEC. 70. *Journal.*—The National Assembly shall keep a journal of its proceedings and from time to time publish

the same excepting such parts as may, in its judgment, affect national security; and the *yeas* and *nays* on any question shall, at the request of one-fifth of the Members present, be entered in the Journal.

SEC. 71. Records and Books of Accounts.—The records and books of accounts of the National Assembly shall be open to the public in accordance with law, and such books shall be audited by the Commission on Audit which shall publish annually the itemized expenditures for each Member.

SEC. 72. Immunity from Arrest.—A Member of the National Assembly shall, in all offenses punishable by not more than six years imprisonment, be privileged from arrest during his attendance at its sessions, and in going to and returning from the same; but the National Assembly shall surrender the Member involved to the custody of the law within twenty-four hours after its adjournment for a recess or for its next session, otherwise such privilege shall cease upon its failure to do so. A Member shall not be questioned nor held liable in any other place for any speech or debate in the Assembly or in any committee thereof.

SEC. 73. Inhibitions Against Members of the National Assembly.—(1) No Member of the National Assembly shall appear as counsel before any court inferior to a court with appellate jurisdiction, before any court in any civil case wherein the Government, or any subdivision, agency, or instrumentality thereof is the adverse party, or before any administrative body. Neither shall he, directly or indirectly, be interested financially in any contract with or in any franchise or special privilege granted by, the Government, or any subdivision, agency, or instrumentality thereof, including any government-owned or controlled corporation, during his term of office. He shall not intervene in any matter before any office of the Government for his pecuniary benefit.

(2) A Member of the National Assembly shall not hold any other office or employment in the Government, or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations, during his tenure except that of Prime Minister or Member of the Cabinet. Neither shall he be appointed to any civil office which may have been created or the emoluments thereof increased while he was a Member of the National Assembly.

SEC. 74. Question Hour.—There shall be a question hour at least once a month or as often as the Rules of the National Assembly may provide, which shall be included in its agenda, during which the Prime Minister or any Minister may be required to appear and answer questions and interpellations by Members of the National Assembly. Written questions shall be submitted to the Speaker at least three days before a scheduled question hour. Interpellations shall not be limited to the written questions, but may cover matters related thereto. The agenda shall specify the subjects of the question hour. When the security of the State so requires and the Prime Minister so states in writing, the question hour shall be conducted in executive session.

SEC. 75. Legislative Investigation.—The National Assembly or any of its committees may conduct inquiries in aid of legislation in accordance with its duly published rules of procedure. The rights of persons appearing in such inquiries shall be respected.

SEC. 76. Change of Prime Minister.—The National Assembly may withdraw its confidence from the Prime Minister only by electing a successor by a majority vote of all its Members. No motion for the election of such successor shall be debated and voted upon until after the lapse of three days from submittal of such motion.

SEC. 77. Dissolution of National Assembly.—(1) The Prime Minister may advise the President in writing to dissolve the National Assembly whenever the need arises

for a popular vote of confidence on fundamental issues, but not on a matter involving his own personal integrity. Whereupon, the President shall dissolve the National Assembly not earlier than five days nor later than ten days from his receipt of the advice, and call for an election on a date set by the Prime Minister which shall not be earlier than forty-five days nor later than sixty days from the date of such dissolution. However, no dissolution of the National Assembly shall take place within nine months immediately following any general election.

(2) In case of dissolution of the National Assembly or the termination of its regular term, the incumbent Prime Minister and the Cabinet shall continue to conduct the affairs of government until the new National Assembly is convoked and a Prime Minister is elected and has qualified.

SEC. 78. Approval of Treaties.—Except as otherwise provided in the Constitution, no treaty shall be valid and effective unless concurred in by a majority of all the Members of the National Assembly.

SEC. 79. Declaration of War.—The National Assembly, by a vote of two-thirds of all its Members, shall have the sole power to declare the existence of a state of war.

SEC. 80. Emergency Powers.—In times of war or other national emergency, the National Assembly may by law authorize the Prime Minister, for a limited period and subject to such restrictions as it may prescribe, to exercise powers necessary and proper to carry out a declared national policy. Unless sooner withdrawn by resolution of the National Assembly, such powers shall cease upon its next adjournment.

SEC. 81. Budget.—The Prime Minister shall submit to the National Assembly within thirty days from the opening of each regular session, as the basis of the general appropriations bill, a budget of receipts based on existing

and proposed revenue measures, and of expenditures. The form, content and manner of preparation of the budget shall be in accordance with this Code.

SEC. 82. Appropriations.—(1) No provision or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation therein. Any such provision or enactment shall be limited in its operation to the appropriation to which it relates.

(2) The procedure in approving appropriations for the National Assembly shall strictly follow the procedure for approving appropriations for other ministries and agencies.

(3) A special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified to by the National Treasurer, or to be raised by a corresponding revenue proposal included therein.

(4) No law shall be passed authorizing any transfer of appropriations; however, the Prime Minister, the Speaker, the Chief Justice of the Supreme Court and the heads of Constitutional Commissions may by law be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

(5) If by the end of any fiscal year, the National Assembly shall have failed to pass the general appropriations law for the ensuing fiscal year, the general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force and effect until the general appropriations bill is passed by the National Assembly.

SEC. 83. Taxation.—(1) Taxation shall be uniform and equitable. The National Assembly shall evolve a progressive system of taxation.

(2) The National Assembly may by law authorize the Prime Minister to fix within specified limits, and subject to such limitations and restrictions as it may impose, tariff

rates, import and export quotas, tonnage and wharfage dues, and other duties or imposts.

(3) Charitable institutions, churches, parsonages or convents appurtenant thereto, mosques, and non-profit cemeteries, and all lands, buildings and improvements actually, directly and exclusively used for religious or charitable purposes shall be exempt from taxation.

(4) No law granting any tax exemption shall be passed without the concurrence of a majority of all the Members of the National Assembly.

SEC. 84. Use of Public Money or Property.—(1) No money shall be paid out of the Treasury except in pursuance of an appropriation made by law.

(2) No public money or property shall ever be appropriated, applied, paid, or used, directly or indirectly, for the use, benefit, or support of any sect, church, denomination, sectarian institution, or system of religion, or for the use, benefit, or support of any priest, preacher, minister, or other religious teacher or dignitary as such, except when such priest, preacher, minister, or dignitary is assigned to the armed forces, or to any penal institution, or government orphanage or leprosarium.

SEC. 85. Subject and Title of Bills.—Every bill shall embrace only one subject which shall be expressed in the title thereof.

SEC. 86. Passage of Laws.—(1) No bill shall become a law unless it has passed three readings on separate days and printed copies thereof in its final form have been distributed to the Members three days before its passage except when the Prime Minister certifies to the necessity of its immediate enactment to meet a public calamity or emergency. Upon the last reading of a bill, no amendment thereto shall be allowed, and the vote thereon shall be taken immediately thereafter, and the *yeas* and *nays* entered in the Journal.

(2) No bill except those of local application shall be calendared without the prior recommendation of the Cabinet.

SEC. 87. Submission to the Prime Minister.—(1) Every bill passed by the National Assembly shall, before it becomes a law, be presented to the Prime Minister. If he approves the same, he shall sign it; otherwise, he shall veto it and return the same with his objection to the National Assembly. The bill may be reconsidered by the National Assembly, and, if approved by two-thirds of all its Members, shall become a law. The Prime Minister shall act on every bill passed by the National Assembly within thirty days after the date of receipt thereof; otherwise, it shall become a law as if he had signed it.

(2) The Prime Minister shall have the power to veto any particular item or items in an appropriation, revenue, or tariff bill, but the veto shall not affect the item or items to which he does not object.

CHAPTER 5—*The Prime Minister and the Cabinet*

SEC. 88. Exercise of Executive Power.—The Executive power shall be exercised by the Prime Minister with the assistance of the Cabinet. The Prime Minister shall be the head of the Government.

SEC. 89. Responsibility of Prime Minister and Cabinet.—The Prime Minister and the Cabinet shall be responsible to the National Assembly for the program of government and shall determine the guidelines of national policy.

SEC. 90. Appointment of Members of the Cabinet.—The Prime Minister shall appoint the Members of the Cabinet. Members of the Cabinet may be removed at the discretion of the Prime Minister.

SEC. 91. Deputy Prime Minister and Deputy Ministers.—(1) The Prime Minister may appoint a Deputy Prime Minister or as many Deputy Prime Ministers as he may

deem necessary. The Deputy Prime Minister shall perform such functions as may be assigned to him by the Prime Minister.

(2) The Prime Minister shall appoint the Deputy Ministers who shall perform such functions as may be assigned to them by law or by the respective heads of ministries.

SEC. 92. Oath of Prime Minister and Members of the Cabinet.—The Prime Minister and the Members of the Cabinet, on assuming office, shall take the following oath or affirmation:

"I do solemnly swear (or affirm) that I will faithfully and conscientiously fulfill my duties as (name of position) of the Philippines, preserve and defend its Constitution, execute its laws, do justice to every man and consecrate myself to the service of the Nation. So help me God." (In case of affirmation, the last sentence will be omitted.)

SEC. 93. Resignation of Prime Minister and Members of the Cabinet.—The Prime Minister or any Member of the Cabinet may resign for any cause without vacating his seat in the National Assembly.

SEC. 94. Presentation of Program of Government.—The Prime Minister shall, at the beginning of each regular session of the National Assembly and from time to time thereafter, present the program of government and recommend for the consideration of the National Assembly such measures as he may deem necessary and proper.

SEC. 95. Control of Ministries.—The Prime Minister shall have supervision and control of all ministries.

SEC. 96. Powers as Commander-in-Chief.—The Prime Minister shall be commander-in-chief of all armed forces of the Philippines and, whenever it becomes necessary, he may call out such armed forces to prevent or suppress lawless violence, invasion, insurrection, or rebellion. In case of invasion, insurrection, or rebellion, or imminent danger thereof, when the public safety requires it, he may suspend the privilege of the writ of *habeas corpus*, or

place the Philippines or any part thereof under martial law.

SEC. 97. Power of Appointment.—The Prime Minister shall appoint the heads of bureaus and offices, the officers of the Armed Forces of the Philippines from the rank of brigadier general or commodore, and all other officers of the government whose appointments are not otherwise provided for in the Constitution, and those whom he may be authorized by law to appoint. However, the National Assembly may by law vest in Members of the Cabinet, courts, heads of agencies, commissions, and boards the power to appoint inferior officers in their respective offices.

SEC. 98. Executive Clemency.—(1) The Prime Minister may, except in cases of impeachment, grant reprieves, commutations and pardons, remit fines and forfeitures after final conviction and, with the concurrence of the National Assembly, grant amnesty.

(2) No pardon, parole, or suspension of sentence for violation of the law or rules and regulations concerning elections shall be granted without the recommendation of the Commission on Elections.

SEC. 99. Power to Contract and Guarantee Loans.—The Prime Minister may contract and guarantee foreign and domestic loans, on behalf of the Republic of the Philippines, subject to such limitations as may be provided by law.

SEC. 100. Residual Powers of Prime Minister.—All powers vested in the President of the Philippines under the nineteen hundred and thirty-five Constitution and the laws of the land which are not provided in the nineteen hundred and seventy-three Constitution or conferred upon any official shall be deemed, and are hereby, vested in the Prime Minister, unless the National Assembly provides otherwise.

SEC. 101. Power to Enter into International Treaties.—Any provision of paragraph one, Section fourteen, Article Eight and of Article Fourteen of the Constitution notwithstanding, the Prime Minister may enter into inter-

national treaties or agreements as the national welfare and interest may require.

CHAPTER 6.—*Judicial Power*

SEC. 102. *Judicial Power*.—The Judicial power shall be vested in one Supreme Court and in such inferior courts as may be established by law.

SEC. 103. *Apportionment of Jurisdiction*.—The National Assembly shall have the power to define, prescribe and apportion the jurisdiction of the various courts, but may not deprive the Supreme Court of its jurisdiction over cases enumerated in the Constitution.

SEC. 104. *Composition and Organization of the Supreme Court*.—The Supreme Court shall be composed of a Chief Justice and fourteen Associate Justices. It may sit *en banc* or in two divisions.

SEC. 105. *Decision of Cases Heard En Banc*.—All cases involving the constitutionality of a treaty, executive agreement, or law shall be heard and decided by the Supreme Court *en banc*, and no treaty, executive agreement, or law may be declared unconstitutional without the concurrence of at least ten Members. All other cases, which under its rules are required to be heard *en banc*, shall be decided with the concurrence of at least eight Members.

SEC. 106. *Decision of Cases Heard by a Division*.—(1) Cases heard by a division shall be decided with the concurrence of at least five Members, but if such required number is not obtained, the case shall be decided *en banc*.

(2) No doctrine or principle of law laid down by the Court in a decision rendered *en banc* or in division may be modified or reversed except by the Court setting *en banc*.

SEC. 107. *Prior Consultation*.—The conclusion of the Supreme Court in any case submitted to it for decision *en banc* or in division shall be reached in consultation before the case is assigned to a Member for the writing

of the opinion of the Court. Any Member dissenting from a decision shall state the reasons for his dissent. The same requirements shall be observed by all inferior collegiate courts.

SEC. 108. Content and Form of Decisions or Resolutions.—Every decision of a court of record shall clearly and distinctly state the facts and the law on which it is based. The Rules of Court shall govern the promulgation of minute resolutions.

SEC. 109. Qualifications of Members of Judiciary.—(1) No person shall be appointed Member of the Supreme Court unless he is a natural-born citizen of the Philippines, at least forty years of age, and has for ten years or more been a judge of a court of record or engaged in the practice of law in the Philippines.

(2) The National Assembly shall prescribe the qualifications of judges of inferior courts, but no person may be appointed judge thereof unless he is a natural-born citizen of the Philippines and a member of the Philippine Bar.

SEC. 110. Appointment.—The Members of the Supreme Court and judges of inferior courts shall be appointed by the President/Prime Minister.

SEC. 111. Supervision of Courts.—(1) The Supreme Court shall have administrative supervision over all courts and the personnel thereof.

(2) It may temporarily assign judges of inferior courts to other stations as public interest may require. Such a temporary assignment shall not last longer than six months without the consent of the judge concerned.

(3) It may order a change of venue or place of trial to avoid a miscarriage of justice.

SEC. 112. Promulgation of Rules.—The Supreme Court shall promulgate rules concerning pleading, practice and procedure in all courts, the admission to the practice of

law, the appointment and supervision of notaries public and the integration of the Bar, which, however, may be repealed, altered, or supplemented by the National Assembly. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade, and shall not diminish, increase, or modify substantive rights.

SEC. 113. Appointment of Supreme Court Officials and Employees.—The Supreme Court shall appoint its officials and employees in accordance with the Civil Service Law.

SEC 114. Time Limit for Deciding Cases.—(1) The maximum period within which a case or matter shall be decided or resolved from the date of its submission, shall be eighteen months for the Supreme Court, and, unless reduced by the Supreme Court, twelve months for all inferior collegiate courts, and three months for all other inferior courts.

(2) With respect to the Supreme Court and other collegiate appellate courts, when the applicable maximum period shall have lapsed without the rendition of the corresponding decision or resolution because the necessary vote cannot be had, the judgment, order, or resolution appealed from shall be deemed affirmed, except in those cases where a qualified majority is required and in appeals from judgment of conviction in criminal cases; and in original special civil actions and proceedings for *habeas corpus*, the petition in such cases shall be deemed dismissed; and a certification to this effect signed by the Chief Magistrate of the Court shall be issued and a copy thereof attached to the record of the case.

SEC. 115. Annual Report.—The Supreme Court shall, within thirty days from the opening of each regular session of the National Assembly, submit to the President/Prime Minister and the National Assembly an annual report on the operations and activities of the Judiciary.

CHAPTER 7.—*Constitutional Commissions*

SEC. 116. *Constitutional Commissions.*—The constitutional commissions shall be the Civil Service Commission, the Commission on Elections and the Commission on Audit. Specific provisions on these bodies are set forth in appropriate Books.

SEC. 117. *Appointment Officials and Employees.*—The constitutional commissions shall appoint their officials and employees in accordance with the Civil Service Law.

BOOK III

OFFICE OF THE PRESIDENT/PRIME MINISTER

CHAPTER 1—*Office of the President/Prime Minister*

SEC. 118. *Power of Control.*—The President/Prime Minister shall have supervision and control of all ministries, bureaus, and offices as may be provided by law and shall take care that the laws are faithfully executed.

SEC. 119. *Ordinance Power.*—(1) Acts of the President/Prime Minister providing for rules of a general or permanent character in implementation or execution of constitutional or statutory powers shall be promulgated in *executive orders*.

(2) Acts of the President/Prime Minister which relate to particular aspects of governmental operations in pursuance of his duties as administrative head shall be promulgated in *administrative orders*.

(3) Acts of the President/Prime Minister fixing a date or declaring a status or condition of public moment or interest, upon the existence of which the operation of specific law or regulation is made to depend, shall be promulgated in *proclamations* which shall have the force of an executive order.

(4) Acts of the President/Prime Minister on matters of administrative detail or of subordinate or temporary interest which only concern a particular officer or office of the Government shall be embodied in *memorandum orders*.

(5) Acts of the President/Prime Minister on matters relating to internal administration, which the President/Prime Minister desires to bring to the attention of all or some of the ministries, agencies, bureaus or offices of the Government, for information or compliance, shall be embodied in *memorandum circulars*.

(6) Acts and commands of the President/Prime Minister in his capacity as Commander-in-Chief of the Armed Forces of the Philippines shall be issued as *general or special orders*.

(7) Acts of the President/Prime Minister directed to particular officials shall be issued as *Letters of Instructions*.

SEC. 120. Power over Aliens.—The President/Prime Minister shall exercise with respect to aliens in the Philippines such powers as are provided by law or recognized by the generally accepted principles of international law.

SEC. 121. Power to Direct Expropriation.—The President/Prime Minister shall determine when it is necessary or advantageous to exercise the right of eminent domain in behalf of the National Government, and direct the Solicitor General, whenever he deems the action advisable, to institute expropriation proceedings in the proper court.

SEC. 122. Power to Direct Escheat or Reversion Proceedings.—The President/Prime Minister shall direct the Solicitor General to institute escheat or reversion proceedings over all lands transferred or assigned to persons disqualified under the Constitution to acquire land.

SEC. 123. Power to Reserve Lands of the Public and Private Domain of the Government.—(1) The President/Prime Minister shall have the power to reserve from settlement or public use and for specific public purposes any of the lands of the public domain, the use of which is not otherwise directed by law. The reserved land shall thereafter remain subject to the specific public purpose indicated until otherwise provided by law or executive order.

(2) He shall also have the power to reserve from sale or other disposition and for specific public uses or purposes, any land belonging to the private domain of the Government, or any of the Friar Lands, the use of which is not otherwise directed by law, and thereafter such land shall be used for the purposes specified by such executive order until otherwise provided by law.

(3) Reservations of lands of the public and private domain for exclusive public uses or purposes not exceeding seven hectares may be made by the Minister of Natural Resources.

SEC. 124. *Power to Issue Temporary Designation.*—(1) The President/Prime Minister may temporarily designate an officer already in the government service or any other competent person to perform the functions of an office in the executive branch, appointment to which is vested in him by law, when:

(a) The officer regularly appointed to the office is unable to perform his duties by reason of illness, absence or any other cause; or

(b) There exists a vacancy.

(2) In case the position involved belongs to the Career Executive Service, the President/Prime Minister may designate a Career Executive Service Officer or eligible from among a list recommended by the Career Executive Service Board to perform the functions of the position.

(3) The person designated shall receive the compensation attached to the position, unless he is already in the government service in which case he shall receive only such additional compensation as, with his existing salary, shall not exceed the salary authorized by law for the position filled. The compensation hereby authorized shall be paid out of the funds appropriated for the office or agency concerned.

(4) In no case shall a temporary designation exceed one year.

**CHAPTER 2—Organization of the Office of the President/
Prime Minister**

SEC. 125. *Office of the President/Prime Minister as a Ministry.*—The office of the President/Prime Minister shall be considered a ministry with the President/Prime Minister as ministry head.

SEC. 126. *Organization.*—(1) The Office of the President/Prime Minister shall consist of the Office of the President proper and the agencies under it.

(2) The Office of the President/Prime Minister proper shall consist of:

(a) The *immediate offices* which shall include the Presidential private offices, Presidential Advisers and the Presidential Security Command;

(b) The *Presidential Assistants System* which refers to the positions of Presidential Executive Assistant, Senior Presidential Assistant, Presidential Assistants, and Regional Presidential Assistants; and

(c) The *Common Staff Support System* which embraces the offices or units under the general categories of development and management, general government administration and internal administration.

(3) The *agencies under the Office of the President/Prime Minister* refer to those offices placed under its supervision and control or administrative supervision, those attached to it for policy and program coordination and those that are not placed by law or order creating them under any specific ministry.

SEC. 127. *Functions of the Immediate Offices.*—The immediate offices shall provide direct services to the President/Prime Minister and shall for this purpose attend to functions and matters that are personal or which pertain directly to him.

SEC. 128. *Functions of the Presidential Assistants.*—The Presidential Assistants shall:

- (1) Implement assignments explicitly given to them by the President/Prime Minister and whenever necessary, may sign communications or documents "By authority of the President;"
- (2) Provide the President/Prime Minister with information and analysis on developments within their respective functional areas, as well as in other areas they deem important or which warrant immediate presidential attention;
- (3) Assist and cooperate with the Presidential Executive Assistant for the effective and efficient operation of the Office of the President/Prime Minister proper;
- (4) Coordinate and consult closely with other presidential assistants and presidential advisers, and heads of the different line ministries and agencies of the Government in the conduct of their respective staff functions and duties;
- (5) Call upon any of the units in the common staff support system for assistance in the performance of their technical staff work; and
- (6) Perform such other functions as the President/Prime Minister may direct.

SEC. 129. Functions of the Presidential Executive Assistant.—The Presidential Executive Assistant shall:

- (1) Exercise supervision and control over the various units of the Office of the President/Prime Minister proper including their internal administrative requirements and for this purpose, he may designate such presidential assistants as may be necessary, to assist him in the performance of his functions;

- (2) Appoint officials and employees of the Office of the President/Prime Minister whose appointments are not vested in the President/Prime Minister;
- (3) Provide overall coordination in the operation of the presidential assistants system;
- (4) Determine and assign matters to the appropriate presidential assistants or units in the Office of the President/Prime Minister proper;

(5) Exercise primary authority to sign papers "By authority of the President," attest presidential decrees and similar presidential issuances unless attestation is specifically delegated to other officials by him or by the President/Prime Minister;

(6) Promulgate such rules and regulations necessary to carry out the objectives, policies and functions of the Office of the President/Prime Minister proper; and

(7) Perform such other functions as the President/Prime Minister may direct.

SEC. 130. Common Staff Support System.—The various staff units in the Office of the President/Prime Minister proper shall form a common staff support system and shall be organized along the various tasks of the Office, namely:

(1) *Presidential Management Staff* which shall provide the President/Prime Minister with effective technical staff support in his task of exercising overall management of the development process, including project and policy development execution and monitoring, policy coordination and economic intelligence, financial and budgetary operations, and such other functions as the President/Prime Minister may assign to it.

(2) *General Government Administration Staff* which shall provide the President/Prime Minister with staff support on matters concerning general government administration relative to the operations of national government including the provision of legal services, administrative services, staff work on political and legislative matters, cabinet secretariat services, information and assistance to the general public, measures toward resolution of complaints against public officials and employees brought to the attention of the Office of the President/Prime Minister and such other matters as the President/Prime Minister may assign.

(3) *Internal Administration Staff* which shall render auxiliary and support services for the internal administration of the Office of the President/Prime Minister.

SEC. 131. Organization of the Common Staff Support System.—The Presidential Executive Assistant shall draw up the necessary organizational structure of the common staff support system to provide staff assistance to the President/Prime Minister and the Presidential Assistants.

SEC. 132. Regional Presidential Assistant.—There shall be a regional Presidential Assistant for each region in the country, except Metropolitan Manila, who shall act as the representative of the President/Prime Minister in his assigned region.

The Presidential Executive Assistant shall draw up the necessary organizational guidelines or directives to implement this provision.

SEC. 133. Continuing Authority of the President/Prime Minister to Reorganize his Office.—The Office of the President/Prime Minister shall have continuing authority to reorganize the administrative structure of the Office of the President/Prime Minister. For this purpose, he may take any of the following actions:

(1) Restructure the internal organization of the Office of the President/Prime Minister proper, including the immediate offices, the Presidential Assistants System and the Common Staff Support System, by abolishing, consolidating or merging units thereof and/or transferring functions from one unit to another;

(2) Transfer functions from the Office of the President/Prime Minister to other ministries or agencies as well as transfer functions to the Office of the President/Prime Minister from other ministries and agencies; and

(3) Transfer agencies under the Office of the President to other ministries or agencies as well as transfer agencies to the Office of the President/Prime Minister from other ministries or agencies.

*CHAPTER 3.—Agencies under the Office of the President/
Prime Minister*

A.—MINISTRY OF THE BUDGET

1. *General Provision*

SEC. 134. *Declaration of Policy.*—The national budget shall be formulated and implemented as an instrument of national development, reflective of national objectives, strategies and plans; supportive of and consistent with the socio-economic development plans and oriented towards the achievement of explicit objectives and expected results, to ensure that the utilization of funds and operations of government entities are conducted effectively; formulated within the context of a regionalized governmental structure and within the totality of revenues and other receipts, expenditures and borrowings of all levels of government and of government-owned or controlled corporations and prepared within the context of the national long-term plans and budget programs of the Government.

2. *Organization, Powers and Functions*

SEC. 135. *Organization.*—(1) The Ministry of the Budget, hereafter referred to in this Chapter as the Ministry, shall be headed by the Minister of the Budget who shall be a member of the Cabinet and who shall be assisted by one Career Deputy Minister, except as may otherwise be provided for by law. The Ministry shall be under the President/Prime Minister.

(2) The Ministry shall have a National Government Budget Operations Office, Local Government and Government Corporations Budget Operations Office, National Accounting Office, Management Office, Office of Compensation and Position Classification, Fiscal Planning Service, Financial and Administrative Service, Training and

Information Service, Budget Technical Service, Data Processing Service, and Legislative Service.

(3) The Ministry shall have regional offices, which shall be organized in accordance with Chapter 5 of Book IV of this Code, unless otherwise provided by law.

SEC. 136. *Powers and Functions.*—The Ministry shall:

(1) Prepare the budget and other appropriations proposals in accordance with such policies as the President/Prime Minister may adopt;

(2) Exercise functional supervision over financial and management staffs of agencies, particularly budget officers and management analysts, and provide technical assistance and consultative services in the fields of budgeting, organizational design, management evaluation, reporting and control, compensation and position classification and other related areas;

(3) Study budgets, organizations, activities and methods of business of ministries and agencies including government-owned or controlled corporations and their subsidiaries, for the purpose of enabling the President/Prime Minister to determine changes necessary to ensure economy and efficiency in the conduct of the public service;

(4) Develop a reporting system for the monitoring of fund releases and utilization to be accomplished by the ministries and agencies of the government through their accounting and budgeting units;

(5) In coordination with the Civil Service Commission, conduct training programs for personnel of national and local government units and government-owned or controlled corporations on government financial management, budgeting, organizational design, management reporting and control, compensation and position classification, work units evaluation and other related topics;

(6) Review, evaluate, and take appropriate action on the annual and supplemental budgets and other financial statements covering all funds of local governments; and

review and formulate recommendation and resolutions of local legislative bodies involving appropriation of local funds;

(7) Issue rules and regulations to implement the provisions of this Chapter pertaining to the Ministry of the Budgets; and

(8) Perform other functions provided by law.

3. Functions of Offices and Services

SEC. 137. Functions of Offices and Services.—(1) The National Government Budget Operations Office shall provide services in the preparation, execution and control of the budgets of agencies of the National Government.

(2) The Local Government and Government Corporations Budget Office shall provide services in the collation and analysis of the budgets of local governments and government-owned or controlled corporations for incorporation in the national resources and expenditures budget, and in the preparation, execution and control of the budget of agencies of the National Government not covered by the National Government Budget Operations Office.

(3) The National Accounting Office shall be responsible for the compilation and analysis of financial data of all government agencies and government-owned or controlled corporations for use of the Ministry in the preparation and execution of the budget; preparation and submission of reports for financial guidance and information of the President/Prime Minister; supervision of accounting units of all agencies of government with respect to the implementation and improvement of management information systems and providing services in the design and installation of management information systems and accounting systems for all agencies of government, including government-owned or controlled corporations.

(4) The Management Office shall be responsible for formulating and administering a management improvement program for the government, including technical

guidance and assistance and determining the organizational and staffing requirements of agencies included in the national budget.

(5) The *Office of Compensation and Position Classification* shall be responsible for administering and maintaining such compensation and position classification systems as may be adopted by the government, including the conduct of studies for further improvement.

(6) The *Fiscal Planning Service* shall be responsible for evaluating the economic trends and relationships of factors and events relating to government income, expenditure and debt, and the impact and implications of government fiscal policies on the economic growth and development of the country.

(7) The *Financial and Administrative Service* shall be responsible for providing staff advice and assistance on internal budgeting and other financial matters, and services relating to personnel, records, supplies, equipment, disbursements, security and janitorial services, and other similar administrative functions.

(8) The *Training and Information Service* shall be responsible for establishing and administering a training and information program for the Ministry, developing and conducting appropriate training programs in budgeting, accounting, compensation and position classification, and management analysis for technical personnel of the different agencies of the government.

(9) The *Budget Technical Service* shall be responsible for reviewing and evaluating the funding commitments and requirements of foreign-assisted projects of national and local government units, providing services on regional budgeting, undertaking special studies, and providing technical support to the various offices and services of the Ministry.

(10) The *Data Processing Service* shall be responsible for providing mechanized and electronic data processing

services in the compilation, storage, processing and retrieval of data and information essential to the functions of the Commission.

(11) The *Legislative Service* shall be responsible for providing staff assistance in the preparation, review or evaluation of the General Appropriations Bill and of other legislative proposals with budgetary implications, in co-ordination with other units of the Ministry, and for providing legal services necessary for the operations of the Ministry.

(12) The *Regional Offices* shall provide technical and consultative assistance to the various regional offices of the national government relating to budgeting, accounting, wage and salary administration, and management analysis; develop plans for regional budgeting and act on the special budgets of national schools and hospitals of the region; evaluate the organizational structure, personnel and equipment requirements of regional offices; coordinate the various budgetary activities at the regional level; and discharge such functions as may be delegated by the Minister.

B.—GENERAL SERVICES ADMINISTRATION

1. *General Provisions*

SEC. 138. *Declaration of Policy*.—The Government shall provide an economical, efficient and effective system for the management of the general government services relating to procurement and distribution of supply; utilization and disposal of government property; custody of real property and operations of buildings; records management and archives; and printing and other reproduction services.

SEC. 139. *Organization.*—(1) The General Services Administration under the Office of the President/Prime Minister, hereafter referred to in this Chapter as the Administration, shall be headed by an Administrator of General Services who shall be assisted by a Deputy Administrator, except as may otherwise be provided for by law.

(2) The Administration shall have regular services and operating units provided in Chapter 3 of Book IV of this Code, and a legal service.

(3) The Supply Coordination Office, the Building Services and Real Property Management Office, the Government Printing Office and the Records Management and Archives Office shall be under the supervision and control of the Administration. Each of these Offices shall be headed by a Director and shall be organized in accordance with Chapter 4 of Book IV of this Code. They shall have staff and operating units provided by law.

(4) The Administration shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

SEC. 140. *Functions.*—The Administration shall: (1) Serve as the central agency responsible for assigning, regulating or performing for government entities the functions pertaining to procurement and supply, custody and administration of real property and office buildings, utilization and disposal of excess property, promotion of sound records management and archives, and printing and other reproduction services;

(2) Recommend to the President/Prime Minister the approval of contracts conveying title to real property of the National Government under its custody and administration;

(3) Approve the following:

(a) Contracts of lease of real property of the National Government under its custody and administration, and of

private buildings, rooms, lots or spaces for use by National Government agencies or government-owned or controlled corporations;

(b) Contracts for services or furnishing of supplies, materials, or equipment to the government entered into by the Supply Coordination Office;

(c) Contracts with private printers for the printing of government papers or documents which cannot be performed by the Government Printing Office or any other government printing plant; and

(d) Contracts for the disposal or sale of government property, including disposable records as determined by law, or competent authority; and

(4) Perform other functions provided by law.

SEC. 141. Functions of Legal Service.—The Legal Service shall provide the Administration with legal services, including the drafting of legislative measures and contracts, and assist the Solicitor General in all cases involving the Administration.

2. Supply Coordination Office

SEC. 142. Functions.—The Office shall:

- (1) Formulate plans and programs concerning all aspects of supply management operations of the government;

- (2) Advise and assist the Administration in assigning to other agencies the performance of the supply activities relating to purchasing, storage, delivery, property utilization and disposition;

- (3) Provide advice and guidance to the Regional Offices of the Administration in the promulgation of policies, techniques and informational publications in the field of supply management;

- (4) In coordination with the Civil Service Commission, develop, initiate and conduct training programs in supply

management for national and local government agencies and government-owned and controlled corporations; and

(5) Perform other functions provided by law.

SEC. 143. Definition.—The term "Government Supplies" as used in this Chapter are those actually needed in the transaction of official business or for the use of ministries, bureaus, offices and agencies of the National and local governments, government-owned and controlled corporations whether in the nature of furniture, equipment, stationery, materials for construction, livestock, foodstuff or personal property of any sort and non-personal or contractual services, such as the repair and maintenance of equipment or furniture, trucking, hauling, lighterage and other related services. It does not include real estate, choses in action, financial or credit transactions, expert or technical services where exceptional proficiency is the controlling factor.

SEC. 144. Procurement and Disposition of Government Supplies.—In the procurement and disposition of government supplies, the following shall be observed:

(1) Only so much government supplies as are needed and can be properly utilized shall be requisitioned and no accumulation of unnecessary quantity shall be allowed.

(2) Except as otherwise provided by law, no contract for the furnishing of supplies to the government already in force or entered into for the first time by the Philippine Government shall be renewed or entered into without public bidding.

(3) Preference shall be given to products manufactured or produced locally, provided the quality desired is met.

(4) Any item requisitioned shall be obtained from the stores of the General Services Administration, if available and the acquisition thereof is practical, economical or more advantageous to the government.

(5) Specifications and standards established by national government offices for particular application to their

respective offices shall be submitted to the Office for inclusion in the national government specifications whose use shall be the responsibility of the Ministry or agency concerned.

(6) Government purchases shall conform to the approved government specifications of the Supply Coordination Office.

(7) Heads of Ministries, bureaus, offices or agencies of the National Government shall transfer to the General Services Administration without cost, old and dormant articles in stock. Supplies procured from revolving or special funds may be transferred to the Administration at a fair appraised value and the amount credited to the funds from which they were purchased.

(8) Suppliers shall be pre-qualified before they can transact business with the government. Pre-qualified suppliers are eligible to transact business with any government requisitioning agency.

(9) Unserviceable, obsolete, forfeited, abandoned, excess or surplus supplies shall be reported to the bureau or regional office concerned for disposition. As used herein, "disposition" is an action taken by the bureau or regional offices on disposable supplies by condemnation, transfer, donation, public auction, negotiated or private sale, or other methods authorized by law or competent authority.

SEC. 145. Submission of Procurement Programs.—Government agencies shall anticipate their supply requirements to be contained in an annual procurement program showing the quantity, description and estimated cost of supplies required for the ensuing calendar year, which shall be submitted to the Administration not later than two months before the start of the next fiscal year.

SEC. 146. Procurement of Government Supplies.—(1) The Administration shall procure supplies for all national and local government agencies and instrumentalities.

However, the Administrator of General Services may delegate or assign to the Supply Coordination Office or regional offices concerned the procurement of such supplies and services under certain conditions.

(2) Government-owned or controlled corporations and local governments shall avail themselves of the procurement services of the Supply Coordination Office or regional offices of the Administration.

SEC. 147. Requisition.—The order for supplies shall be filled upon the submission of a written requisition in the form prescribed by the Administration.

SEC. 148. Negotiated Purchase.—(1) Unless otherwise provided by law, procurement without public bidding by an agency is limited to the following instances:

- (a) When the supply to be procured is non-competitive and is sold by a sole or an exclusive dealer;
- (b) When the purchase or contract is for supplies to be procured abroad where public bidding is impractical;
- (c) When the object of procurement involves national security or when public order requires non-disclosure to the public of the objects of such procurement;
- (d) When the purchase or contract is required by law or executive order to be placed with or awarded to any particular agency of the government, including government-owned or controlled corporations;
- (e) Those which do not entail expenditures of public funds;
- (f) When negotiation of the purchase or contract is authorized by law or covered by executive agreement; and
- (g) When procurement is on a government-to-government basis, and where objects of procurement are for expert or technical services where exceptional proficiency is the basis for award.

(2) In negotiated purchases, it is understood that a thorough canvass of suppliers in the manner prescribed by the Administrator of General Services has been made.

SEC. 149. *Emergency Procurement.*—(1) Supplies may be immediately purchased or acquired or the repair of equipment done by a head of agency upon his certification that:

(a) The need for the supplies or the repair is exceptionally urgent or absolutely indispensable to meet an emergency caused by *force majeure* such as typhoons, floods, earthquakes, or other natural calamities;

(b) They shall be used to meet a situation which may involve or result in the loss of, or danger to, life or property;

(c) The supplies are to be used in military operations or in urgent civic action or community/cooperative development projects which cannot be delayed without detriment to public service; and

(d) The particular transaction does not exceed the amount prescribed by the Administrator of General Services and the purchase or contract is intended for immediate use.

(2) Emergency purchase of supplies shall be limited to the following:

(a) Such items, the need for which cannot be reasonably anticipated to allow procurement thereof through normal public bidding; and

(b) Such quantities as are necessary to meet the actual needs of the emergency case.

(3) The head of agency shall submit a monthly report of all emergency purchases made under this paragraph to the ministry or agency head concerned for approval.

3. Building Services and Real Property Management Office

, SEC. 150. *Functions.*—The Office shall: (1) Advise and assist the Administration in assigning, regulating or performing for government entities services or functions pertaining to:

- (a) Operation, protection, and custody of all national government buildings;
 - (b) Assignment of building space to government entities or agencies;
 - (c) Approval of the rental of private building space and land for government use;
 - (d) Development of an overall and continuing program for the construction of government buildings to meet the needs of the various agencies of the government;
 - (e) General housekeeping, security and other routine building services;
 - (f) Insurance of national government buildings; and
 - (g) Administration of all national government lands and/or properties classified as commercial, industrial, urban and residential properties owned by the National Government.
- (2) Advise and assist the Administration on matters pertaining to the area of specialization of the Office;
- (3) Provide consultative and advisory services to the regional offices of the Administration;
- (4) In coordination with the Civil Service Commission, develop, initiate and conduct training programs in building operations, maintenance and protection for national and local government agencies, and government-owned or controlled corporations; and
- (5) Perform other functions provided by law.

SEC. 151. Lease and Occupancy of Privately Owned Lot or Building.—No Ministry, bureau, office or agency shall occupy a private lot, building, room or space unless the rental has been previously approved by the General Services Administration upon recommendation of the Regional Director concerned and the corresponding contract approved by the Administrator of General Services.

SEC. 152. Custody of Constructed or Repaired National Buildings.—Newly constructed national buildings shall upon completion thereof, be turned over to the General Services Administration through the Regional Director concerned, together with the plans, specifications, construction cost and other pertinent data relative thereto. Likewise, the aforementioned data shall be submitted to said office, upon completion of major repairs on any national building.

SEC. 153. Custody of Title of Land Owned by the National Government.—All titles of lands owned and registered in the name of the Republic of the Philippines shall be deposited with the Administration, unless otherwise provided by law.

SEC. 154. Insurance of National Buildings.—The Building Services and Real Property Management Office shall insure with the Property Insurance Fund of the Government Service Insurance System all national buildings against any insurable risk and shall pay, through the Bureau of the Treasury, the corresponding premiums to the System at rates not exceeding those charged by private companies. In the event the System disapproves the insurance of the whole or a portion of the national building applied for, the whole or part thereof may be insured with any private insurance company.

4. Government Printing Office

SEC. 155. Functions.—The Office shall: (1) Execute printing and binding requests of the national and local

government agencies, including government-owned or controlled corporations;

- (2) Print standard forms, Official Gazette, Philippine Reports, and items of minor financial nature such as postage, internal revenue, customs and saving stamps certificate of land titles and other items for government agencies, not otherwise printed by the Security Printing Plant of the Central Bank of the Philippines;
- (3) Provide advice and guidance to the regional offices of the Administration; and
- (4) Perform other functions provided by law.

SEC. 156. Orders for Printing.—All work orders for printing and binding of government agencies shall be placed with the Government Printing Office. If, for any reason, it cannot perform the printing order other than for standard forms carried in its stocks, or cannot complete the order on time, the Director of Printing may award the work to be done through a competitive public bidding among qualified private printing establishments. The award or contract shall be approved by the Administrator of General Services.

SEC. 157. Requisitions for Printing.—(1) Requisitions for printing shall be approved by the ministry or agency head concerned and made on forms prescribed by the Director of Printing.

(2) Requisitions shall be supported by certification of availability of funds and the amount certified shall be obligated and shall not be reverted to the unappropriated account or allotted for other purposes unless the requisition with the Government Printing Office is cancelled.

SEC. 158. Printing of Forms Having Money Value.—Requisitions for printing of official stamps, tickets, certificates, except residence certificates, and other forms which possess face money value shall be forwarded to the Government Printing Office through the proper ministry or agency head for which the work is required

and through the Commission on Audit and the printing shall be executed by the Government Printing Office after approval of the requisition by the Chairman of the Commission on Audit under the supervision of a Committee designated by the latter. The Commission on Audit shall be the custodian of all drawings, plates, or copy of proofs of whatever nature prepared for or utilized in such printing, and they shall be properly safeguarded by them when not in actual use by the aforesaid Committee during the time employed in printing.

SEC. 159. Price of Government Publications.—The selling price of documents, pamphlets, or publications of the National Government shall be fixed by the Ministry Head or office for which the printing was done, upon the recommendation of the Director of Printing.

SEC. 160. Sale or Distribution of Publications.—The publications of the National Government, except administrative rules, shall be sold or distributed by the Government Printing Office or, if in the judgment of the proper ministry or agency head concerned the public interest so demands in whole or in part, by the bureau or office for which the printing was done.

SEC. 161. Charges for Work Done or Services Rendered by the Government Printing Office.—(1) Government printing jobs shall be done by the Government Printing Office at cost, which shall include a reasonable margin to cover administrative and operational expenses. Where saleable documents or publications are retained for distribution by the Government Printing Office, an additional charge may be made for storage. Work for private parties may be executed on terms fixed by the Director of Printing with the approval of the Administrator of General Services, if the work shall not adversely affect the efficiency of the Government Printing Office.

SEC. 162. Extra Compensation for Overtime Work, Maximum Salary Base.—Employees of the Government Printing Office whose services are required to facilitate

the accomplishment of technical work shall be paid for overtime work on regular working days, twenty percent more, and on holidays and Saturdays, one hundred percent more than they receive for the amount of ordinary day labor. The additional compensation shall not exceed for any one month the equivalent of the regular monthly compensation, nor shall it exceed, for any one year, fifty percent of the regular annual compensation.

5. Records Management and Archives Office

SEC. 163. *Functions.*—The Office shall: (1) Plan, develop and coordinate government-wide programs, policies, rules and regulations governing the use, storage and disposition of current operating records;

(2) Establish and operate records centers for storage, servicing, security and screening of all records which must be preserved;

(3) Administer the archives of the government and make special provisions for preserving, studying and servicing records having permanent and historical values;

(4) Coordinate with government agencies to improve the management and quality of government records, and facilitate prompt and orderly disposition of inactive records;

(5) Give advice and technical assistance on organizing records management programs, and establish schedules and procedures for the retirement of records no longer needed;

(6) In coordination with the Civil Service Commission, develop and initiate training programs for government entities concerned with records management;

(7) Provide advice and guidance to the regional offices of the Administration; and

(8) Perform other functions provided by law.

SEC. 164. *Regulation, Creation, Maintenance and Disposition of Government Records.*—(1) All entities of the national and local governments, including government-owned or controlled corporations, shall establish and maintain an active and continuing program for a sound records creation, maintenance and disposition.

(2) The Office shall have jurisdiction over the disposal of all records of the national and local governments and government-owned or controlled corporations. The Director of Records Management and Archives, with the concurrence of the agency head concerned, shall direct the disposal of government records and no agency shall destroy or otherwise dispose of any records without proper authorization from the Office.

(3) No records of any entity shall permanently be transferred or loaned for an indefinite period to another entity unless approved by the Administrator of General Services, upon recommendation of the Director of Records Management and Archives, except when such transfer or loan has been specifically authorized by law or executive order. Nothing herein, however, shall prevent the head of the agency from furnishing records in his custody for use as evidence in court or use by the National Assembly or from lending records for a specified period in the interest of the service and in accordance with existing regulations.

(4) Records may be temporarily retired in a designated storage and kept in accordance with the rules and regulations which the Director of Records Management and Archives shall prescribe, subject to the approval of the Administrator of General Services. Information kept in the records storage or certified copies of such records or documents shall be furnished, free of charge, for official use.

(5) No original document in the custody of the Records Management and Archives Office shall be delivered to any entity of the government without written approval of the Administrator of General Services.

(6) Certified copies of documents and records under the custody of the Records Management and Archives Office shall be furnished to any private person upon written application therefor, and payment of fees to be prescribed by the Administrator of General Services. The copy or copies shall be accompanied by a certificate of correctness, if desired, and shall be officially sealed.

SEC. 165. Definition.—(1) The term "records" as used herein means any paper, book, photograph, motion picture film, microfilm, sound recording, drawing, map or other document of any physical form or character whatever, or any copy thereof, that has been made by any entity or received by it in connection with the transaction of public business, and has been retained by that entity or its successor as evidence of the objectives, purpose, organization, functions, policies, decisions, procedures, operations or other activities of the government because of the information therein.

(2) The term "archives" as used herein shall mean permanently valuable records that have been created or recorded by a government office or body for official purposes and made part of its official documentation. The Records Management and Archives Office shall preserve and make such records available for use.

SEC. 166. Filing of Active Records.—Every head of agency or instrumentality shall make, cause to be made, or file only such records necessary for the continued effective operation of the entity of which he is the head, to constitute an adequate and proper recording of its activities, and to protect the legal rights of the Government of the Republic of the Philippines and of the people.

SEC. 167. Duties of Office Heads.—It shall be the duty of heads of ministries, bureaus, agencies and offices, including government-owned or controlled corporations to:

(1) Acquaint officials and employees under their jurisdiction with the provisions of the Revised Penal Code governing public records;

- (2) Insure that officials and employees turn over all records to their successors or to their immediate superiors; and
- (3) Establish such safeguards against removal or loss of records as may be provided by rules and regulations.

C.—OTHER AGENCIES UNDER THE OFFICE OF THE PRESIDENT/PRIME MINISTER

SEC. 168. *Functions of Other Agencies Under the Office of the President/Prime Minister.*—Other agencies under the Office of the President/Prime Minister shall continue to operate in accordance with their respective organizational structures and functions.

BOOK IV

CHAPTER 1—*Ministries*

SEC. 169. *Purpose and Number of Ministries.*—The Executive Branch shall have such Ministries as are necessary for the functional distribution of the work of the President/Prime Minister and for the performance of their functions.

SEC. 170. *Declaration of Policy.*—(1) The Ministries shall be organized and maintained to insure their capacity to plan and implement programs in accordance with established national policies.

(2) Bureaus and offices shall be grouped primarily on the basis of major functions to achieve simplicity, economy and efficiency in government operations and minimize duplication and overlapping of activities.

(3) The functions of the different Ministries shall be decentralized in order to reduce red tape, free central officials from administrative details concerning field operations, and relieve them from unnecessary involvement in routine and local matters. Adequate authority shall be delegated to subordinate officials. Administrative decisions and actions shall, as much as feasible, be at the level closest to the public.

SEC. 171. *Ministry Proper.*—(1) The Ministry proper includes the Office of the Minister and the staff units directly under it. The Office of the Ministry shall consist of the Minister and the Deputy Minister or Deputy Ministers, together with the personnel in their immediate offices. Whenever necessary, Assistant Secretary position or positions may be created to form part of the Ministry proper.

(2) Every Minister shall be assisted by one career Deputy Minister, unless otherwise provided for by law or by directive of the President/Prime Minister, and one political Deputy Minister. The Minister shall exercise supervision and control over the Deputy Ministers.

(a) The career Deputy Minister shall perform the functions of an undersecretary of a ministry as provided in Chapter 2 of this Book and his position shall be embraced in the Career Executive Service.

(b) The political Deputy Minister shall serve as liaison between the ministry and the *Interim Batasang Pambansa*/National Assembly. He shall be appointed by the President/Prime Minister from among the members of the *Interim Batasang Pambansa*/National Assembly and as such shall be an officer thereof. He may be conferred a cabinet rank and shall serve at the pleasure of the President/Prime Minister.

(3) In addition to the senior officers of a ministry as provided herein, the President/Prime Minister may appoint one or more Ministers of State for any Ministry. A Minister of State may be granted cabinet rank, and shall serve at the pleasure of the President/Prime Minister. He shall perform such functions, duties, and responsibilities as may be assigned him by the President/Prime Minister, and shall be directly accountable to the latter.

(4) In the absence of special provisions, the major staff units of each ministry shall be services and shall include: the Planning Service, the Financial and Management Service, the Administrative Service, and when necessary, the Technical Service. A Legal Service shall be provided where the operations of the ministry involve substantial legal work, in which case the Administrative Service shall not have a legal division. Where the workload does not warrant a Legal Service or a Legal Division, there shall be one or more legal assistants in the Office of the Minister.

CHAPTER 2—Powers, Privileges, Duties and Inhibitions

SEC. 172. Powers, Privileges and Inhibitions of Minister.—The Minister shall:

- (1) Advise the President/Prime Minister in promulgating executive orders, regulations, and decrees relative to matters under the jurisdiction of his ministry;
- (2) Establish the policies and standards for the operation of his ministry pursuant to the approved programs of government;
- (3) Promulgate rules and regulations necessary to carry out ministry objectives, policies and functions;
- (4) Promulgate administrative issuances necessary for the efficient administration of the offices under him and for proper execution of the laws relative thereto. Those issuances shall not prescribe penalties for their violation, except when expressly authorized by law;
- (5) Order the investigation of an officer or employee under him and designate a committee or officer to conduct such investigation;
- (6) Appoint all employees of the ministry proper except those whose appointments are vested in the President/Prime Minister, or in some other appointing authority. In case the ministry is regionalized on a ministry-wide basis, the head of ministry shall appoint employees to positions in the second level in the regional offices as defined in this Code;
- (7) Exercise such jurisdiction over all bureaus, offices, agencies and corporations under his ministry as are provided by law and in accordance with the applicable supervisory relationship as specified in Chapters 7 and 8 of this Book;
- (8) Delegate authority to be exercised by officers and employees under his direction; and
- (9) Exercise other powers provided by law.

SEC. 173. Submission of Budget Estimates.—Each head of ministry shall prepare and submit to the President/Prime

Minister through the Ministry of the Budget, in accordance with this Code, an estimate of the necessary expenditures of the ministry during the next fiscal year, on the basis of the reports and estimates submitted by bureaus and offices under him.

SEC. 174. *Leave of Heads of Ministry and Deputy Ministers.*—The right of a head of ministry to leave of absence on account of illness or any other cause shall not be restricted, provided his absence will not impair the service. The vacation and other leaves of the Ministers of State and the Deputy Ministers shall be governed by the Civil Service Law.

SEC. 175. *Powers and Duties of Career Deputy Minister.*—The Career Deputy Minister shall:

(1) Advise and assist the Minister in the formulation and implementation of ministry objectives and policies;

(2) Oversee all the operational activities of the ministry for which he shall be responsible to the Minister;

(3) Coordinate the programs and projects of the ministry and be responsible for its economical, efficient and effective administration;

(4) Serve as deputy to the Minister in all matters relating to the operations of the ministry;

(5) Temporarily discharge the duties of the Minister in the latter's absence or inability to discharge his duties for any cause or in case of vacancy of the said office. Where there are more than one Deputy Minister, the Minister shall allocate the foregoing powers and duties among them. The Prime Minister shall likewise make the temporary designation of Acting Minister from among them; and

(6) Exercise other powers and duties provided by law.

SEC. 176. *Duties and Functions of the Assistant Secretary.*—The Assistant Secretary shall perform such duties and functions as may be provided by law or assigned to him by the Minister.

SEC. 177. Bureau and Office Under Each Ministry.—Each ministry shall have jurisdiction over bureaus and offices assigned to it by law or by the President/Prime Minister in accordance with the applicable supervisory relationship as defined in Chapters 7 and 8 of this Book.

SEC. 178. Assignment of Offices and Agencies.—The President/Prime Minister shall, by executive order, assign offices and agencies not otherwise assigned by law to any ministry, or indicate to which ministry a government corporation or board may be attached.

CHAPTER 3—Ministry Services

SEC. 179. Planning Service.—The Planning Service shall provide the ministry with economical, efficient and effective services relating to planning, programming, and project development, and discharge other functions provided by law. Where the work of the ministry does not call for substantial planning and programming, the Planning Service shall be constituted as a single unit without subdivisions. Where substantial primary data-gathering is essential to the operations of the ministry, a statistical unit may be constituted as part of a technical service.

SEC. 180. Financial and Management Services.—The Financial and Management Services shall advise and assist the ministry head on budgetary, financial, and management matters and shall perform other functions provided by law.

SEC. 181. Administrative Service.—The Administrative Service shall provide the ministry with economical, efficient, and effective services relating to personnel, legal assistance, information, records, delivery and receipt of correspondence, supplies, equipment, collections, disbursement, security and custodial work. It shall also perform other functions provided by law.

SEC. 182. Technical Service.—Whenever necessary, one or more technical services shall be established to take charge of technical staff activities essential to a ministry

and which cannot be allocated to the three other services or to the bureaus.

CHAPTER 4—*Bureaus*

SEC. 183. *Bureaus in General.*—(1) A bureaus is any principal subdivision of the ministry performing a single major function or closely related functions. Bureaus are either staff or line.

(2) Each bureau shall be headed by a Director who may have one or more Assistant Directors as provided by law.

(3) Each bureau may have as many divisions as are provided by law for the economical, efficient and effective performance of its functions.

SEC. 184. *Staff Bureau.*—(1) A staff bureau shall primarily perform policy, program development and advisory functions.

(2) The Director of a staff bureau shall:

(a) Advise and assist the Office of the Minister on matters pertaining to the Bureau's area of specialization;

(b) Provide consultative and advisory services to the regional offices of the ministry;

(c) Develop plans, programs, operating standards, and administrative techniques for the attainment of the objectives and functions of the bureau; and

(d) Perform other duties provided by law.

(3) The staff bureau shall avail of the planning, financial and administrative services in the ministry proper. The bureau may have a separate administrative division, if circumstances so warrant.

SEC. 185. *Line Bureau.*—(1) A line bureau shall directly implement programs adopted pursuant to ministry policies and plans.

(2) The Director of a line bureau shall:

- (a) Exercise supervision and control over all divisions and other units, including regional offices, under the bureau;
 - (b) Establish policies and standards for the operations of the bureau pursuant to the plans and programs of the ministry;
 - (c) Promulgate rules and regulations necessary to carry out bureau objectives, policies and functions; and
 - (d) Perform other duties provided by law.
- (3) The line bureau may have staff units, as may be necessary, corresponding to the services of the ministry proper. If the bureau is small, only a single unit performing combined staff functions may be provided.

CHAPTER 5.—Field Offices

SEC. 186. *Regional Offices.*—Regional offices shall be established according to law defining field service areas. Provincial and district offices may be established only by law whenever necessary.

SEC 187. *Integration of Field Service.*—Except as otherwise provided by law and when the needs of the service so require, the ministry or agency shall organize an integrated regional office on a ministry or agency-wide basis.

SEC. 188. *Administration of Regional Office.*—The regional office shall be headed by a Regional Director who may be assisted by one Assistant Regional Director, except as may otherwise be provided by law. The Regional Director shall be responsible for ministry or agency functions performed in the region under his jurisdiction.

SEC. 189. *Supervision of Regional Offices.*—(1) Whenever the function or activity of a ministry or agency requires central or interregional action, the function may be performed by the regional offices under the supervision and control of the ministry proper or line bureau concerned.

(2) The staff bureau or division shall perform primarily advisory or auxiliary functions and exercise in behalf of the

ministry or agency functional supervision over the regional offices. This shall include the authority to develop and set down standards, policies and procedures to be implemented by operating units, and to evaluate continuously such implementation for the purpose of recommending or, when authorized, taking corrective measures.

SEC. 190. Organization of Regional Office.—Regional offices organized on a ministry-wide basis shall have units or personnel in which the functional areas of the staff bureaus and services in the ministry shall be represented. Regional offices of a line bureau may have units or personnel in which the functional areas of the primary units of the bureau are represented. Related functions of regional units shall be consolidated.

SEC. 191. Functions of a Regional Office.—(1) A regional office shall:

- (a) Implement laws, policies, plans, programs, rules and regulations of the ministry or agency in the regional area;
- (b) Provide economical, efficient and effective service to the people in the area;
- (c) Coordinate with regional offices of other ministries, bureaus and agencies in the area;
- (d) Coordinate with local government units in the area; and
- (e) Perform other functions provided by law.

(2) District offices may be established only in cases of clear necessity.

SEC. 192. Duties of a Regional Director.—The Regional Director shall:

- (1) Implement laws, policies, rules and regulations within the responsibility of the agency;
- (2) Implement agency programs in the region;
- (3) Exercise the management functions of planning, organizing, directing and controlling;

- (4) Appoint personnel to positions in the first level and casual and seasonal employees; and exercise disciplinary actions over them in accordance with the Civil Service Law;
- (5) Approve sick, vacation and maternity leaves of absence with or without pay, for a period not beyond one year;
- (6) Prepare and submit budget proposals for the region to the central office, administer the budget of the regional office, authorize disbursement of funds pursuant to approved financial and work programs, and administer the budget control machinery in the region;
- (7) Approve requisition for supplies, materials and equipment, as well as books and periodicals, and other items for the region, in accordance with the approved supply procurement program;
- (8) Negotiate and enter into contracts for services or for furnishing supplies, materials and equipment to the regional office involving an amount not exceeding fifty thousand pesos (P50,000.00) within a given quarter, provided that authority in excess of fifty thousand pesos (P50,000.00) may be further authorized by the proper ministry or agency head;
- (9) Approve claims for benefits under existing laws;
- (10) Approve requests for overtime services;
- (11) Promote coordination among the regional offices, and between his regional office and local government units in the region;
- (12) Provide housekeeping services for the regional office;
- (13) Approve application of personnel for permission to teach, exercise a profession, or engage in business outside of office hours in accordance with standards and guidelines of the Civil Service Commission;
- (14) Issue travel vouchers authorizing employees to travel on official business within the region for a period not exceeding thirty days;

(15) Approve attendance of personnel in conferences, seminars, and non-degree training programs within the region;

(16) Authorize the allocation of funds to provincial/district offices; and

(17) Perform other duties and functions provided by law or further delegated by the head of agency or other authorities concerned.

SEC. 193. Review of Acts of Regional Director.—Nothing in the preceding Section shall be construed as a limitation on the power of the Minister to review and modify, alter or reverse any action of the Regional Director, or to initiate promotions and transfers of personnel from one region to another.

CHAPTER 6—Supervision and Control

SEC. 194. Minister's Authority.—(1) The Minister shall have supervision and control over the bureaus, offices, and agencies under him, subject to the following guidelines:

(a) Initiative and freedom of action on the part of subordinate units shall be encouraged and promoted, rather than curtailed, and reasonable opportunity to act shall be afforded those units before control is exercised;

(b) With respect to functions involving discretion, experienced judgment or expertise vested by law upon a subordinate agency, control shall be exercised in accordance with said law; and

(c) With respect to any regulatory functions of an agency subject to ministerial control, the authority of the ministry shall be governed by the provisions of Chapter 7 of this Book.

(2) This chapter shall not apply to chartered institutions or government-owned or controlled corporations attached to the ministry.

SEC. 195. *Delegation of Authority.*—The head of a ministry or agency shall have authority over and responsibility for its operation. He shall delegate such authority to the bureau and regional directors as may be necessary for them to implement plans and programs adequately. Delegated authority shall be to the extent necessary for economical, efficient and effective implementation of national and local programs in accordance with policies and standards developed by each ministry or agency with the participation of the regional directors. The delegation shall be in writing; shall indicate to which officer or class of officers or employees the delegation is made; and shall vest sufficient authority to enable the delegate to discharge his assigned responsibility.

SEC. 196. *Line Bureau Authority.*—(1) Line bureaus of a ministry shall exercise supervision and control over their regional and other field offices. They shall be directly responsible for the development and implementation of plans and programs within their respective functional specializations.

(2) The regional and other field offices shall constitute the operating arms of the bureau concerned for the direct implementation of the plans and programs drawn up in accordance with approved policies and standards. As counterparts of the bureau in the region, they shall undertake bureau operations within their respective jurisdictions, and be directly responsible to their bureau director.

CHAPTER 7—*Relationships of Government-Owned or Controlled Corporations and Regulatory Agencies to the Ministry*

SEC. 197. *Government-Owned or Controlled Corporations.*—Government-owned or controlled corporations shall be attached to the appropriate ministry with which they have allied functions, as hereinafter provided; or as may be provided by executive order, for policy and program

coordination and for general supervision provided in pertinent provisions of this Code.

SEC. 198. *Regulatory Agencies.*—(1) Regulatory agencies shall be subject to the administrative supervision of the ministry under which they are placed, except when they are government corporations in which case they shall be governed by the provisions of the preceding section.

(2) The heads of regulatory agencies shall submit annually, for the approval of the ministry head concerned, their budgets and work plans which shall be the basis of their day-to-day operations.

(3) The regulatory agencies may avail themselves of the common auxiliary and management services of the ministry as may be convenient and economical for their operations.

CHAPTER 8—*Administrative Relationships*

SEC. 199. *Definition of Administrative Relationships.*—Unless otherwise expressly stated in the Code or in other laws defining the special relationships of particular agencies, administrative relationships shall be categorized and defined as follows:

(1) *Supervision and Control.*—Supervision and control shall include authority to act directly whenever a specific function is entrusted by law or regulation to a subordinate; direct the performance of duty; restrain the commission of acts; review, approve, reverse or modify acts and decisions of subordinate officials or units; determine priorities in the execution of plans and programs; and prescribe standards, guidelines, plans and programs. Unless a different meaning is explicitly provided in the specific law governing the relationship of particular agencies, the word "control" shall encompass supervision and control as defined in this paragraph.

(2) *Administrative Supervision.*—(a) Administrative supervision which shall govern the administrative relation-

ship between a ministry or its equivalent and regulatory agencies or other agencies as may be provided by law, shall be limited to the authority of the ministry or its equivalent to generally oversee the operations of such agencies and to insure that they are managed effectively, efficiently and economically but without interference with day-to-day activities; to require the submission of reports and cause the conduct of management audit, performance evaluation and inspection to determine compliance with policies, standards and guidelines of the ministry; to take such action as may be necessary for the proper performance of official functions, including rectification of violations, abuses and other forms of maladministration; and to review and pass upon budget proposals of such agencies but may not increase or add to them.

(b) Such authority shall not, however, extend to: (1) appointments and other personnel actions in accordance with the decentralization of personnel functions under the Code, except when appeal is made from an action of the appointing authority, in which case the appeal shall be initially sent to the ministry or its equivalent, subject to appeal in accordance with law; (2) contracts entered into by the agency in the pursuit of its objectives, the review of which and other procedures related thereto shall be governed by appropriate regulations; and (3) the power to review, reverse, revise, or modify the decisions of regulatory agencies in the exercise of their regulatory or quasi-judicial functions.

(c) Unless a different meaning is explicitly provided in the specific law governing the relationship of particular agencies, the word "supervision" shall encompass administrative supervision as defined in this paragraph.

(3) *Attachment.*—(a). This refers to the lateral relationship between the ministry or its equivalent and the attached agency or corporation for purposes of policy and program coordination. The coordination may be accomplished by having the ministry represented in the governing board of the attached agency or corporation, either as

chairman or as a member, with or without voting rights, if this is permitted by the charter; having the attached corporation or agency comply with a system of periodic reporting which shall reflect the progress of programs and projects; and having the ministry or its equivalent provide general policies through its representative in the board, which shall serve as the framework for the internal policies of the attached corporation or agency.

(b) Matters of day-to-day administration or all those pertaining to internal operations shall be left to the discretion or judgment of the executive officer of the agency or corporation. In the event, the head of ministry and the board or head of the attached agency or corporation strongly disagree on the interpretation and application of policies, and the ministry head is unable to resolve the disagreement, he shall bring the matter to the President/Prime Minister for resolution and direction.

(c) Government-owned or controlled corporations attached to a ministry head shall submit to him their audited financial statements within sixty days after the close of the calendar year.

(d) Pending submission of the required financial statements, the corporation shall continue to operate on the basis of the preceding year's budget until the financial statements shall have been submitted. Should any government-owned or controlled corporations incur an operating deficit at the close of its calendar year, it shall be subject to administrative supervision of the ministry; and the corporation's operating and capital budget shall be subject to the ministry's examination, review, modification and approval.

CHAPTER 9—Appointments and Qualifications

SEC. 200. *Appointment of Ministers.*—The Ministers shall be appointed by the Prime Minister and shall hold office at his pleasure.

SEC. 201. Qualifications of Ministers.—The Ministers shall be citizens of the Philippines and not less than twenty-five years of age.

SEC. 202. Appointments to Other Senior Positions and Their Equivalent.—Career Deputy Ministers, Assistant Secretaries, Directors and Assistant Directors of Bureaus, Regional and Assistant Regional Directors, Ministry Service Chiefs, and their equivalents shall be appointed by the President/Prime Minister in accordance with law, rules and regulations.

CHAPTER 10—Powers and Duties of Heads of Bureaus or Offices

SEC. 203. Powers and Duties in General.—The head of bureau or office shall be its chief executive officer. He shall exercise overall authority in matters within the jurisdiction of the bureau, office or agency, including those relating to its operations, and enforce all laws and regulations pertaining to it.

SEC. 204. Authority to Appoint and Discipline.—The head of bureau or office shall appoint personnel to all positions in his bureau or office, except those who belong to the Career Executive Service. In the case of the line bureau or office, the head shall also appoint the second level personnel of the regional offices, unless such power has been delegated. He shall have the authority to discipline employees in accordance with the Civil Service Law.

SEC. 205. Duties of Assistant Heads and Subordinates.
—(1) Assistant heads and other subordinates in every bureau or office shall perform such duties as may be required of them by law or regulations, or as may be specified by their superiors not otherwise inconsistent with law.

(2) The head of bureau or office may, in the interest of economy, designate the assistant head to act as chief

of any division or unit within the organization, in addition to his duties, without additional compensation.

(3) In the absence of special restriction prescribed by law, nothing shall prevent a subordinate officer or employee from being assigned additional duties by proper authority, when not inconsistent with the performance of the duties imposed by law.

SEC. 206. Acting Head of Bureau or Office.—In case of the absence or disability of the head of a bureau or office, his duties shall be performed by the assistant head. When there are two or more assistant heads, the head of ministry shall make the designation. In the absence of an assistant head, the Minister may designate any officer or employee of the bureau or office as acting head without additional compensation.

SEC. 207. Performance of Duties of Subordinate Officers Temporarily Absent.—In case of the temporary absence or disability of any subordinate officer or employee in any bureau or office, its head may, subject to existing laws, rules and regulations, designate any other subordinate officer or employee within the organization to perform temporarily the duties of the absent or disabled person.

SEC. 208. Filling of Vacancies.—Vacancies caused by death, resignation, or removal of any officer or subordinate may be temporarily filled in the same manner as in the case of temporary absence or disability. The vacancies shall not be filled by permanent appointment until the expiration of any leave allowable to the predecessor, unless the exigencies of the service require that the appointment be made immediately.

SEC. 209. Power to Require Bonds.—(1) The head of each bureau or office shall, consistent with law, rules and regulations, prescribe the form and fix the amount of all bonds executed by private parties to the government under

the laws pertaining to his bureau or office. He shall pass on the sufficiency of the security and retain possession of the bond.

(2) When it appears that any such bond is insufficient, the head may require additional security. He may withdraw the privilege secured by the bond upon failure of the party to give additional security within the period fixed in the notice, but such an action shall be without prejudice to the liability of any person or property already obligated.

SEC. 210. Authority to Prescribe Forms and Issue Regulations.—(1) The head of a bureau or office shall prescribe forms and issue circulars or orders to secure the harmonious and efficient administration of his bureau or office and to carry into full effect the laws relating to matters within his jurisdiction. Penalties shall not be prescribed in any circular or order for its violation, except as expressly allowed by law.

(2) Heads of bureaus or offices are authorized to issue orders regarding the administration of their internal affairs for the guidance of or compliance by their officers and employees.

(3) Regional directors are authorized to issue circulars of purely informational or implementing nature and orders relating to the administration of the internal affairs of regional offices and units within their supervision.

(4) Issuances under paragraphs (2) and (3) hereof shall not require, for their effectiveness, approval by the head of ministry or other authority.

SEC. 211. Annual Reports.—(1) All heads of bureaus or offices of the national government shall render annual reports to their respective heads of ministries on or before the last day of February of each year.

(2) The reports shall contain concise statements of accomplishments and an assessment of the progress attained in terms of approved programs and projects, including

pertinent financial statements on expenditures incurred in their implementation during the calendar year. Broad recommendations and plans for undertaking work during the ensuing period shall be included together with matters specifically required by law or regulation to be incorporated therein.

CHAPTER 11—*Administrative Issuances*

SEC. 212. *General Classification of Issuance.*—The administrative issuances of heads of ministries, bureaus, offices or agencies shall be in the form of circulars or orders.

(1) *Circulars* shall refer to issuances prescribing policies, rules and regulations, and procedures promulgated pursuant to law, applicable to individuals and organizations outside the Government and designed to supplement provisions of the law or to provide means for carrying them out, including information relating thereto.

(2) *Orders* shall refer to issuances directed to particular offices, officials, or employees, concerning specific matters including assignments, detail and transfer of personnel, for observance or compliance by all concerned.

SEC. 213. *Numbering System of Issuances.*—Every circular or order issued pursuant to the preceding section shall properly be identified as such and chronologically numbered. Each class of issuance shall begin with number 1 for each calendar year.

SEC. 214. *Official Logbook.*—Each ministry, bureau, office or agency shall keep and preserve a logbook in which shall be recorded in chronological order, all final official acts, decisions, transactions or contracts, pertaining to the ministry, bureau, office or agency. Whenever the performance of an official act is in issue, the date and the time recorded in the logbook shall be controlling. The logbook shall be in the custody of the chief Administrative Officer concerned and shall be open to the public for inspection.

SEC. 215. Government-wide Applications of the Classification of Issuance.—(1) The Records Management and Archives Office in the General Services Administration shall provide such assistance as may be necessary to effect general adherence to the foregoing classification of issuances, including the conduct of studies for developing sub-classifications and guidelines to meet peculiar needs.

(2) All administrative issuances of a general or permanent character shall be compiled, indexed and published pursuant to the provisions of this Code.

CHAPTER 12—*Miscellaneous Receipts*

SEC. 216. Charges for Property Sold or Service Rendered; Refunds.—(1) For services required by law to be rendered for a fee, for supplies furnished, or articles of any kind sold to other divisions of the government or to any person, the head of bureau, office or agency may, upon approval of the ministry head, charge and collect the cost of the service, supplies, or articles or other rate in excess of cost prescribed by law or approved by the same authority. For local governments, the rate, except where otherwise prescribed by law, shall be fixed at cost or at such other reasonable rate in excess of cost by the boards or councils concerned.

(2) The officer authorized to fix the amount to be paid for service rendered and supplies or articles furnished or sold may recommend that the whole or part of any sum so paid be refunded, upon approval of the Commission on Audit.

SEC. 217. Disposition of Miscellaneous Bureau Receipts,—(1) In the absence of special provision, money collected for property sold or service rendered, and all other receipts or earnings of bureaus, offices, and agencies not derived from taxation, shall accrue to the general unappropriated funds of the National Government.

(2) As to the provinces, cities, municipalities and baran-gays, the receipts shall form part of their revenue.

SEC. 218. *Printing of Studies and Researches.*—With the approval of the ministry head, a bureau, office, or agency may print its studies, researches and similar materials for distribution at cost to the public. The ministry head may authorize the printing or reprinting of the said materials by private persons for sale to the public upon payment of such royalties as may be fixed by him, which shall accrue to the general fund.

CHAPTER 13—*Controversies Among Government Offices and Corporations*

SEC. 219. *How Settled.*—All disputes, claims and controversies solely between or among the ministries, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, such as those arising from the interpretation and application of statutes, contracts or agreements, shall be administratively settled or adjudicated in the manner provided in this Chapter. This Chapter shall, however, not apply to disputes involving the National Assembly, the Supreme Court, and the Constitutional Commissions, and local governments.

SEC. 220. *Disputes Involving Questions of Law.*—All cases involving only questions of law shall be submitted to and settled or adjudicated by the Minister of Justice as Attorney-General of the National Government and as *ex-officio* legal adviser of all government-owned or controlled corporations. His ruling or decision thereon shall be conclusive and binding on all the parties concerned.

SEC. 221. *Disputes Involving Questions of Fact and Law.*—Cases involving mixed questions of law and of fact or only factual issues shall be submitted to and settled or adjudicated by:

- (1) The Solicitor General, if the dispute, claim or controversy involves only ministries, bureaus, offices and other agencies of the National Government as well as government-owned or controlled corporations or entities of whom he is the principal law officer or general counsel;
- (2) The Government Corporate Counsel, if the dispute, claim or controversy involves only government-owned or controlled corporations or entities of whom he is the principal law officer or general counsel; and
- (3) The Minister of Justice, in all other cases not falling under paragraphs (1) and (2).

SEC. 222. Arbitration.—The determination of factual issues may be referred to an arbitration panel composed of one representative each of the parties involved and presided over by a representative of the Minister of Justice, the Solicitor General or the Government Corporate Counsel, as the case may be.

SEC. 223. Appeals.—The decision of the Ministry of Justice, as well as that of the Solicitor General or the Government Corporate Counsel when approved by the Minister of Justice, shall be final and binding upon the parties involved. Appeals may, however, be taken to the President/Prime Minister where the amount of the claim or the value of the property exceeds one million pesos. The decision of the President/Prime Minister shall be final.

SEC. 224. Rules and Regulations.—The Ministry of Justice shall promulgate the rules and regulations necessary to carry out the provisions of this Chapter.

TITLE I—MINISTRY OF FOREIGN AFFAIRS

CHAPTER 1—General Provisions

SEC. 225. Declaration of Policy.—The Philippines renounces war as an instrument of national policy and, in the conduct of foreign relations, it shall expand activities

in the political and economic fields, preserve national sovereignty, maintain peace, equality, justice, freedom, cooperation and amity with all nations, and adhere to the generally accepted principles of international law.

SEC. 226. Organization.—(1) The Ministry of Foreign Affairs, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Foreign Affairs who shall be assisted by one career Deputy Minister except as may otherwise be provided for by law.

(2) The Minister shall have supervision and control over the Foreign Service, the Office of Political Affairs, Office of Economic Affairs, Office of Policy Planning, Office of Cultural Affairs, Office of Legal Affairs, Office of Press and Public Information, Office of Islamic Affairs, Office of United Nations and International Organizations, Office of ASEAN Affairs, Office of Administration, Office of Fiscal Affairs, Office of Consular Affairs, Office of Protocol, Board of the Foreign Service, and the Board of Foreign Service Examiners.

(3) The UNESCO National Commission shall be attached to the Ministry. A Division of UNESCO Affairs is created with the Office of United Nations and International Organizations to provide administrative support and services to the Commission and serve as its secretariat.

SEC. 227. Functions.—The Ministry shall:

(1) Advise and assist the President/Prime Minister in formulating and executing plans and programs on the foreign policy of the Philippines;

(2) Assist the President/Prime Minister in conducting the foreign relations of the Philippines; and

(3) Perform other functions provided by law or assigned by the President/Prime Minister.

CHAPTER 2—*Powers and Duties*

SEC. 228. Powers and Duties of the Minister.—The Minister shall:

- (1) Serve as the principal adviser of the President/Prime Minister in the formulation and implementation of foreign policy;
- (2) Administer and direct the foreign service;
- (3) Advise the President/Prime Minister of developments as they affect foreign policy and the conduct of foreign relations;
- (4) Negotiate treaties, conventions, and other international agreements;
- (5) Administer abroad the citizenship, immigration, tax, navigation, and other laws of the Philippines;
- (6) Protect abroad the rights and interest of Filipino citizens and juridical persons;
- (7) Recommend to the President/Prime Minister the assignment of ambassadors and heads of consular establishments, and the accreditation to the Philippines of like officers of friendly states;
- (8) Recommend the appointment of honorary consul of the Philippines abroad;
- (9) Establish effective liaison with other ministries or agencies of the government, to ensure that foreign policy shall best serve the national interest;
- (10) Prescribe a uniform schedule of fees for services rendered to the public by the home office and the foreign service;
- (11) Designate any career ambassador or career minister to head any of the offices in the Ministry as assistant minister;
- (12) Recommend to the President/Prime Minister the assignment of assimilated diplomatic ranks to civil attaches or other Philippine government personnel assigned abroad by other ministries, bureaus or offices;
- (13) Recommend to the President/Prime Minister the classification of positions and the basic salary levels of personnel of the foreign service;

- (14) Recommend to the President/Prime Minister jointly with the Minister of the Budget, periodic adjustment of allowances for each foreign service post;
- (15) Determine the appropriate salary rate for FSO IV for that class, taking into consideration the age, qualification and experiences of the individual concerned and the basic salary of an alien clerk or employee in the currency of the country of assignment;
- (16) Recommend to the President/Prime Minister the rates, maximum allowances and policies on allowances of national government employees stationed abroad; and
- (17) Perform all the functions concerning the relations of the Philippines with other states and with international organizations.

SEC. 229. Functions of Offices.—(1) *The Office of Political Affairs* shall provide the Ministry with technical support and services in the formulation of foreign policy and the conduct of foreign relations in all fields other than economic, including the drafting and negotiation of treaties and agreements and in the coordination of policy with respect to individual countries into overall foreign policy and multilateral relationships.

(2) The *Office of Economic Affairs* shall provide the Ministry with technical services of promoting the integrated economic program of the Philippines through the formulation, coordination and implementation of foreign economic policy.

(3) The *Office of Policy Planning* shall provide the Ministry with technical support and services for foreign policy planning and formulation, programming, project development, evaluation and research; integrated studies and reports of the line units and offices in the Ministry; co-ordinated policies and programs of other government agencies relating to foreign relations; and relevant information for foreign policy planning from public and private sources.

(4) The *Office of Administration* shall be responsible for the function of the Ministry relating to personnel management, organization and methods improvement, procurement of supplies and equipment, and custody of general records and property.

(5) The *Office of Fiscal Affairs* shall be responsible for all fiscal, budget and accounting services of the Ministry.

(6) The *Office of United Nations and International Organizations* shall assist the Head of Ministry in the formulation, conduct and coordination of the policy of the Philippines relating to the United Nations and its specialized agencies; coordinate the activities of ministries bureaus, offices, and local governments relating to the United Nations, its specialized agencies and international and regional organizations; and serve as central repository and clearinghouse on all matters pertaining to the United Nations and international and regional organizations, including the Philippine participation in governmental and non-governmental conferences here or abroad and the hosting of those conferences and appropriate international organizations.

(7) The *Office of Cultural Affairs* shall be responsible for promoting the cultural and information program of the Government abroad.

(8) The *Office of Protocol* shall be primarily responsible for matters pertaining to protocol and ceremonial functions.

(9) The *Office of Consular Affairs* shall be responsible for providing consular services to Filipino citizens and citizens of foreign countries relating to the issuance of passports and visas.

(10) The *Office of Islamic Affairs* shall assist the Head of the Ministry in the formulation and coordination of policies governing Philippine relations with Islamic states.

(11) The *Office of Press and Public Information* shall be responsible for the development and dissemination of

information and the coordination of information activities on the foreign and domestic policies.

(12) The *Office of Legal Affairs* shall provide the Ministry with legal advice on matters concerning the negotiation of treaties and agreements as well as the interpretation and application of laws, treaties, agreements, conventions and regulations governing the relations of the Philippines with other countries.

(13) The *Office of ASEAN Affairs* shall act as the national machinery for the friendly consultation, collaboration and mutual assistance of the ASEAN members in the economic, social, cultural, scientific and administrative fields.

(14) The *Board of the Foreign Service* which shall be composed of the Deputy Minister of Foreign Affairs as Chairman and the Directors General as members shall study and recommend to the Minister policies and guidelines relative to the conduct of foreign relations, and policies and procedures for improving the functions and operations of the Ministry and the Foreign Service in the area of personnel administration, selection, assignment, promotion and performance evaluation.

The Board may divide itself into committees to perform these functions.

(15) The *Board of Foreign Service Examiners* which shall be composed of the Director General for Administration, as Chairman, and the Director, Office of Recruitment and Examination of the Civil Service Commission, and a representative of the Ministry of Education and Culture, as members, shall conduct examinations for foreign service officers and nominate candidates for appointment to positions in the foreign service in accordance with Foreign Service Laws and regulations.

SEC. 230. *Inspector-General*.—(1) The Deputy Minister shall be the Inspector-General and shall provide the Ministry with continuing assessment of, and recommendation for improving, the performance and administration of the

home office and the foreign service through a system of inspection and reporting on the operations of all offices and establishments.

(2) The Director General for Administration and the Director General for Fiscal Affairs shall be Deputies Inspector-General who shall assist the Inspector-General in the discharge of his duties. The Inspector-General shall assign areas to them for inspection.

CHAPTER 3—The Foreign Service Institute

SEC. 231. The Foreign Service Institute is attached to the Ministry.

SEC. 232. *Functions of the Foreign Service Institute.*—The Institute shall have the following functions:

(1) Program, implement, and manage the Career Foreign Service Development Program for the purpose of upgrading the professional Career Foreign Service Corps;

(2) Program, implement, and manage complementary organizational development programs for the Ministry as well as other training and educational programs for both its career and non-career personnel and other personnel of other governmental agencies assigned to foreign missions;

(3) Program, implement, and manage the necessary supportive plans and operating systems for the Career Foreign Service Development Program and complementary programs; and

(4) Develop its own policies and rules, program of activities, core staff and consultants, administrative structure, operating systems and resources, to enable it to accomplish completely the above activities.

SEC. 233. *Organization.*—(1) The Institute shall be governed and its activities shall be directed, controlled and managed by a Board which shall be composed of the Minister of Foreign Affairs, the Chairman of the Civil Service

Commission, the President of the University of the Philippines, the President of the Development Academy of the Philippines, and the Director General of the Foreign Service Institute. The Minister of Foreign Affairs shall serve as permanent Chairman of the Board.

(2) The Institute shall be headed by a full-time Director-General to be appointed by the President/Prime Minister upon the recommendation of the Board of the Institute. The Director-General of the Institute shall be recruited from the Senior Chiefs of Mission in the career foreign service of the Ministry, and shall not by reason of such appointment lose his seniority or promotional opportunities in the Service.

(3) The Director-General shall serve for a period of four years. He shall be assisted by an Assistant Director to be chosen from the academic community and to be appointed by the President/Prime Minister upon recommendation of the Board.

(4) The Director-General shall receive such compensation and other emoluments as may be determined by the Board.

(5) The term of office and compensation of the Assistant Director shall be fixed by the Board.

CHAPTER 4—*The Foreign Service*

SEC. 234. *Functions of Diplomatic Missions.*—The Diplomatic Missions shall:

(1) Represent the Philippines abroad and promote friendly relations with other countries in all fields;

(2) Protect national interests and the interests of Filipino nationals abroad;

(3) Ascertain and evaluate conditions and developments abroad and report thereon to the Ministry Head;

(4) Serve as channels of communications between the Government of the Philippines and foreign governments; and

(5) Perform other functions provided by law;

SEC. 235. Functions of Consular Establishments.—The consular establishments shall:

(1) Protect national interests abroad and promote foreign relations in all fields, particularly in the economic and trade areas;

(2) Ascertain and evaluate conditions and developments abroad in the commercial, economic, cultural and scientific fields and report thereon to the Ministry Head;

(3) Issue passports and travel documents to Filipino nationals, and visas or appropriate documents to foreign nationals desiring to travel to the Philippines;

(4) Protect the interests of Filipino nationals abroad, provide necessary services and assistance, and perform notarial functions allowed by regulations;

(5) Transmit judicial and extra-judicial documents and execute letters rogatory or commissions to receive evidence abroad for Philippine courts;

(6) Supervise and inspect, in accordance with laws and regulations of the Philippines, vessels and aircrafts and their crews; and

(7) Perform other functions provided by law.

CHAPTER 5—*Attaches and Representatives*

SEC. 236. Attaches of the Ministry.—The Ministry Head shall designate Attaches of the Ministry from the ranks of Foreign Service Officers and Foreign Service Staff Officers.

SEC. 237. Attaches of Other Ministries.—The assignment abroad of personnel in any Ministry, Bureau or office of the Philippine government as attachés or representatives shall have the prior clearance of the Minister of Foreign Affairs. The clearance shall include such matters as the

actual need for opening particular types of attache services, and the specific places where these services or assignments will be made.

SEC. 238. Appointment and Accreditation of Attaches.—(1) The authority to appoint attaches shall be vested in the Head of the Ministry or agency maintaining the attaches, who shall consult with the Minister of Foreign Affairs on such appointment.

(2) A ministry or agency shall have only one attache accredited to the receiving government, except military attaches.

(3) The attache designation shall apply only to those serving in diplomatic missions. Those assigned to consular establishments shall be designated as representatives.

SEC. 239. Relationship Between the Chief of Mission and Attaches.—The Chief of Mission shall be responsible for the conduct of the affairs of government at the diplomatic post. All attaches and representatives of other ministries shall during their tour of duty be under the immediate control and administrative supervision of the chief of mission. They shall be required to course their reports to their agencies through the chief of mission and the Ministry. They shall clear with him all their public pronouncements at the diplomatic post and all documents and materials they send shall be transmitted through the diplomatic pouch.

SEC. 240. Assimilated Ranks.—(1) Except as the President/Prime Minister may appoint, no officer of the Philippine government stationed abroad, outside of the Ministry of Foreign Affairs shall be assigned assimilated rank higher than Foreign Service Officer Class I.

(2) The assignment of assimilated rank to personnel of the Philippine government stationed abroad shall remain with the President/Prime Minister who shall act on the bases of recommendations of the Minister of Foreign Affairs and the Minister of the Budget.

(3) The assimilated ranks are for purposes of compensation only and shall not confer diplomatic ranking for purposes of protocol. Civil attaches shall always rank after the lowest ranking Foreign Service Officer in the Post.

SEC. 241. Relationship Between the Consul-General or the Principal Officer at the Consulate-General and the Representative.—The relationship of the Consul-General or Principal Officer at the post and the Representatives assigned to the post shall be the same as the relationship between the Chief of Mission and the Attaches.

SEC. 242. The Inter-Ministry Committee.—There shall be an Inter-Ministry Committee to be composed of the Deputy Minister of Foreign Affairs as Chairman, and the Deputy Ministers or equivalent officials of Ministries or agencies with attachés or representatives abroad, as members. The Committee shall prescribe a uniform set of rules and regulations for attaché and representative services.

CHAPTER 6—*Personnel*

SEC. 243. Policy.—To enable the Foreign Service to effectively serve abroad the interests of the Republic of the Philippines, it shall be the policy of the Ministry that only persons who are competent, of good moral character, and fully informed of Philippine History and current trends in Filipino life shall be appointed to the service.

SEC. 244. Categories of Officers and Employees.—The Service shall consist of the following categories of officers and employees:

- (1) Chiefs of Missions
- (2) Counsellors
- (3) Foreign Service Officers
- (4) Foreign Service Staff Officers
- (5) Foreign Service Staff Employees
- (6) Honorary Consuls
- (7) Alien Employees.

SEC. 245. Foreign Service Officers.—There shall be a career service composed of foreign service officers. The Service shall consist of six classes of Foreign Service Officers including Chiefs of Missions and Counsellors.

(1) A Chief of Mission may be assigned as Ambassador Extraordinary and Plenipotentiary, Head of an Office in the Ministry, or Deputy Chief of Mission.

(2) A Counsellor may be assigned as Executive Officer of an Office in the Ministry, Counsellor in an Embassy, or Head of a Consular Post.

(3) The assignments of the other classes of Foreign Service Officers shall be as follows:

| <i>Home Office</i> | <i>Diplomatic Service</i> | <i>Consular Services</i> |
|-----------------------------------|---------------------------|--------------------------|
| Class I-Chief of Division | First Secretary | Consul-General |
| Class II-Chief of Division | Second Secretary | Consul |
| Class III-Asst. Chief of Division | Third Secretary | Consul |
| Class IV-Asst. Chief of Division | Third Secretary | Vice-Consul |

(4) In the home office, assignment to a position requiring a rank higher than the actual rank of the foreign service officer shall be in an acting capacity.

(5) A foreign service officer in any class may be designated special assistant to the Ministry Head or to a Deputy Minister. A foreign service officer below the rank of Class I may be designated as Principal Assistant to a Head of Office.

SEC. 246. Foreign Service Staff Officers.—There shall be three classes of foreign service staff officers to provide the administrative and technical services.

SEC. 247. Foreign Service Staff Employees.—There shall be three classes of foreign service staff employees to provide the clerical, custodial, messengerial and similar services.

SEC. 248. Honorary Consuls.—Honorary consuls shall be appointed from among qualified private persons to perform certain consular functions on a non-career basis.

CHAPTER 7—Appointments, Compensation and Benefits

SEC. 249. *Foreign Service Officers.*—(1) Foreign service officers shall be appointed by the President/Prime Minister.

(2) No person shall be eligible for appointment as foreign service officer unless he has passed the competitive examinations given by the Board of Foreign Service Examiners and successfully completed his probationary service.

(3) The Ministry Head shall, upon the recommendation of the Board of the Foreign Service, submit to the President/Prime Minister names of eligibles for appointment as foreign service officers. The initial appointment of foreign service officers shall only be to Foreign Service Officer Class IV minimum.

SEC. 250. *Staff Officers and Employees.*—The Ministry Head shall appoint, in accordance with the Civil Service Law, all foreign service staff officers and foreign service staff employees who must be in the Philippines at the time of their original or initial appointment.

SEC. 251. *Alien Employees.*—The Ministry Head shall, upon the recommendation of the head of the diplomatic or consular establishment and as much as possible in accordance with the Civil Service Law, appoint alien employees who shall be recruited at the post to supplement the regular staff of a foreign service establishment.

SEC. 252. *Compensation and Benefits.*—The salaries, allowances, travel expenses, insurance and other benefits of foreign service officers, and employees shall be as provided by law and regulations.

CHAPTER 8—Promotions

SEC. 253. *Merit Promotion System.*—The Board of the Foreign Service shall establish a merit promotion system for all officers and employees of the Ministry.

SEC. 254. Requirements for Promotion in the Career Service.—(1) For promotion to Chief of Mission Class I, the candidate must have served as a Chief of Mission Class II and rendered continuous service as foreign service officer for at least twelve years.

(2) For promotion to Chief of Mission Class II, the candidate must have served as a Foreign Service Officer Class I and rendered continuous service as foreign service officer for at least ten years.

(3) For promotion to Foreign Service Officer Class I, the candidate must have served as a Foreign Service Officer Class II, and rendered continuous service as foreign service officer for at least eight years.

(4) For promotion to Foreign Service Officer Class II, the candidate must have served as a Foreign Service Officer Class III, and rendered continuous service as foreign service officer for at least six years.

(5) For promotion to Foreign Service Officer Class III, the candidate must have rendered continuous service as a Foreign Service Officer Class IV for at least two years.

SEC. 255. Promotion of Foreign Service Officers.—(1) Promotions of Foreign Service Officers from one class to the next higher class shall be made by the President/Prime Minister upon the recommendation of the Ministry Head. All promotions shall be to the lowest grade of the class.

(2) Promotion in grade within the class shall be made by the Ministry Head upon recommendation of the Board of the Foreign Service.

SEC. 256. Promotion of Foreign Service Staff Officers, Foreign Service Staff Employees and Alien Employees.—Promotions of foreign service staff officers and employees and alien employees shall be made by the Ministry Head, upon recommendation of the Board of the Foreign Service in accordance with the promotion system.

SEC. 257. Performance Evaluation Reports.—Performance evaluation reports shall be submitted every six months.

CHAPTER 9—Assignments and Transfers

SEC. 258. *Rotation Plan.*—The Ministry Head shall establish a system of assignments and transfers to ensure that all qualified officers and employees, except the employees in the non-career service, shall serve in diplomatic and consular establishments in different regions of the world. The assignment and transfer of personnel shall follow a regular rotation plan. For purposes of assignments, the home office shall be considered a post. All personnel shall be available for assignment to any post.

SEC. 259. *Initial Home Office Requirement.*—No foreign service officer, staff officer or employee shall be assigned to any foreign service establishment unless he has rendered continuous and satisfactory service in the home office for at least three years.

SEC. 260. *Tour of Duty.*—(1) The tour of duty of a foreign service officer at any post shall be four years commencing on the date of his arrival at the post, after which he shall be transferred to another post.

(2) The tour of duty of a foreign service staff officer or employee at any post shall be for a period of six years commencing on the date of his arrival at the post, after which he shall be transferred to another post.

(3) No foreign service officer, staff officer or employee shall serve more than two consecutive tours of duty abroad.

(4) No foreign service officer may serve more than four consecutive years in the home office, except when designated as Head of Ministry, Deputy Minister of Foreign Affairs or Director-General.

SEC. 261. *Retirement.*—(1) Any foreign service officer, staff officer or employee who has reached the age of sixty-five shall be compulsorily retired from the service unless his service is extended by the President/Prime Minister in the interest of the service. Alien employees shall be allowed to retire from the service at the same age as that

provided for employees of the governments of their respective countries, provided that retirement age shall not be beyond sixty-five years.

(2) Foreign service officers reinstated to the service after retirement and who are assigned abroad as ambassadors or chiefs of mission, and persons who are appointed as ambassadors without previously serving as career foreign service officers shall be considered automatically separated from the foreign service upon termination of their assignment abroad as ambassador or chief of mission.

SEC. 262. *Registration.*—The Ministry Head shall have authority to accept the resignation of any foreign service officer, staff employee, honorary consul and alien employee.

CHAPTER 10—*Passport*

SEC. 263. *Definition.*—A Philippine passport is an official document of identity of Philippine citizenship of the holder issued for travel purposes.

SEC. 264. *Persons Entitled.*—Only citizens of the Philippines may be issued passports. A minor may, upon his own application, be issued a passport, except when his natural or legal guardian requests that the application be denied.

SEC. 265. *Authority to Issue, Restrict, Withdraw or Cancel.*—The Ministry Head shall have authority to withhold the issuance or order the cancellation or restriction of passports upon lawful order of the court or when he deems it necessary in the interest of national security, public safety or public health, or in cases when a passport was secured through misrepresentation or fraud.

SEC. 266. *Period of Validity, Extension and Renewal.*—The original period of validity of a Philippine passport is two years. It may be extended for another two years provided that the application for extension is made before the expiration of four years from the date of original issue of

the passport. However, the validity of a passport may be limited for a certain period or for a definite purpose.

SEC. 267. *Supplementary Regulations*.—The Ministry Head may prescribe supplementary regulations for the issuance, extension or amendment of all kinds of passports.

SEC. 268. *Amendments*.—Upon application, an unexpired passport may be amended to reflect the new civil status or new name or surname of the holder, or to add more pages, or to modify a condition or restriction therein.

SEC. 269. *Fees*.—The Ministry Head shall prescribe uniform fees for the issuance, extension and amendment of passports, and such other services that may be rendered by the Ministry relating to passports. However, no fee shall be collected for the issuance of passports to government officials proceeding abroad in the discharge of their official duties attested by regular travel orders or for those issued to immediate members of their families on official travel.

CHAPTER 11—*Miscellaneous Provisions*

SEC. 270. *Use of Savings*.—The Ministry Head is authorized to use any savings in the appropriation for the Ministry for the payment of: (a) expenses for the evacuation or repatriation to the Philippines, when necessary due to an emergency, of members of the household of the personnel of any diplomatic or consular establishment as well as the transportation of their personal effects; (b) actual return passage by the most direct and economical means of transportation and the cost of shipment of the household effects to Manila of any officer or employee in the Foreign Service, including the immediate dependent members of his family, who resigns or is separated from the service for cause; (c) the cost of preparing and transporting the remains of an officer or employee who is a citizen of the Philippines and the immediate members of his family who may die abroad or while on travel status;

or (d) contingent and unforeseen expenses that may arise in connection with the operation of the Foreign Service.

SEC. 271. *Pool of Foreign Service Officers.*—In all appropriation acts providing funds for the operation and maintenance of the Ministry, the positions of foreign service officers, including those who may serve in the home office, shall be in a pool grouped according to their classes with their salaries and allowances indicated in one lump sum for each class, leaving to the head of office the discretion to assign or commission those officers whenever their services may be utilized to advantage, subject to the limitations provided by law.

TITLE II—MINISTRY OF FINANCE

CHAPTER 1—General Provisions

SEC. 272. *Declaration of Policy.*—(1) The management of the financial resources of the Government, particularly in the areas of taxation and borrowing, shall be geared to the goals of national development. To this end, the revenue-generating agencies occupy a special role in the government structure, requiring a careful balance between the overall policy of decentralization and the essential requirement for central direction of tax collection from the different sectors of the economy.

(2) The concept of national security shall be broadened to encompass national strength not only in the politico-military but also in the socio-economic sense, and the State shall promote and develop a stable and enduring economy and bring about optimum use of all appropriate agencies of the Government to stamp out and counteract smuggling, tax evasion and other finance schemes and activities that undermine the national interest and security.

SEC. 273. Organization.—(1) The Ministry of Finance, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Finance who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to its regular services and operating units, the Ministry shall have a legal and investigation service and a revenue service.

(3) The Ministry shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code, except as may otherwise be provided for by law.

(4) The Bureau of Customs, Bureau of the Treasury, Insurance Commission, Bureau of Internal Revenue, Embroidery and Apparel Control and Inspection Board, Office of Local Government Finance, Finance Intelligence Bureau and such other offices as may be provided by law, shall be under the supervision and control of the Ministry.

(5) The Gold Mining Industry Assistance Board, Fiscal Incentives Review Board, Committee on Disposal of Government Properties, National Commission on Savings, Philippine Amanah Bank, and Philippine Export and Foreign Loan Guarantee Corporation shall be attached to the Ministry.

SEC. 274. Functions.—The Ministry shall:

(1) Formulate, establish and administer fiscal policies and related tax measures;

(2) Coordinate with other government agencies on matters covering fiscal and monetary policies, credit, economic development, international financing, trade and investments;

(3) Provide control, direction and supervision in the collection of government revenues;

(4) Undertake negotiations of contracts and guarantees agreements of government foreign and domestic loans and borrowings;

(5) Formulate long-range and annual projections of the revenue needs, the position and borrowing capacity of the Government, plan the management, control and direction of public debt, including the issuance of evidence of indebtedness;

(6) Exercise general supervision over the financial affairs of local governments except as may otherwise be provided by law and shall exercise direct executive supervision over all treasury officials and personnel of local governments;

(7) Adopt and enforce necessary policies and measures for the improvement of local treasury and assessment operations; and

(8) Perform other functions provided by law.

SEC. 275. *Functions of Services.*—(1) The *Legal and Investigation Service* shall interpret internal revenue laws, rules and regulations; conduct hearings on administrative cases and draft decisions on appealed cases; assist in the prosecution of tax cases; draft proposed tax legislations; formulate and recommend policies, guidelines, standards and procedures involving legal matters; and perform other staff, advisory and consultative functions for the Ministry.

(2) The *Revenue Service* shall assist the Ministry on matters involving internal revenue and customs and tariff operations; and conduct studies on, and evaluate the implementation of all tax laws, regulations, directives, and circulars on internal revenue and customs and tariff matters, and petitions or requests for tax exemptions.

CHAPTER 2—*Bureau of Customs*

SEC. 276. *Organization.*—(1) The Bureau of Customs shall be headed by a Commissioner who shall be assisted by one Deputy Commissioner, except as may otherwise be provided for by law.

(2) The Bureau shall have the Financial and Management Service, Administrative Service, Legal and Intelligence Service, Operations and Enforcement Service, Customs Computer Center, and National Customs Police Service.

(3) The Bureau shall have such collection districts as may be provided for by law.

SEC. 277. *Functions.*—The Bureau shall:

(1) Formulate and develop plans and programs relating to the effective management and collection of customs import and export duties, taxes and other fees and charges;

(2) Assess and collect revenues, all other dues, fees, charges, fines and penalties accruing under the tariff and customs laws from imported and exported articles;

(3) Prevent and suppress smuggling and other frauds against government revenues;

(4) Control and supervise the entrance and clearance of vessels and aircrafts engaged in foreign commerce;

(5) Enforce the tariff and customs laws, and all other laws, rules and regulations relating to tariff and customs administration;

(6) Exercise original jurisdiction over seizure and forfeiture cases under the tariff and customs laws;

(7) Supervise the handling of foreign mails arriving in the Philippines for the collection of duties on dutiable imported or exported articles, and prevent smuggling through the mails;

(8) Supervise and control all import and export cargoes loaded or stored in piers, airports, terminal facilities, including container yards and freight stations, for the protection of government revenues; and

(9) Perform other functions provided by law.

SEC. 278. *Territorial Jurisdiction.*—(1) The Bureau of Customs shall exercise supervision and police authority

over all seas within the jurisdiction of the Philippines and over all coasts, ports, airports, harbors, gulfs, bays, rivers and territorial and internal waters.

(2) When a vessel becomes subject to seizure by reason of an act done in the jurisdictional waters of the Philippines in violation of tariff and customs laws, a pursuit of that vessel began within the said jurisdictional waters may continue beyond those territorial waters, and the vessel may be seized on the high seas. Imported articles which are subject to seizure for violation of tariff and customs laws may be pursued while being transported in the Philippines by land, water or air and such a jurisdiction shall be exercised over them at any place therein for the enforcement of the law.

SEC. 279. Jurisdiction Over Customs Premises.—The Bureau shall, for customs purposes but without prejudice to the general police powers of local governments, the Philippine Coast Guard and the Philippine Ports Authority, have exclusive control, direction and management of customs houses, wharves and other premises in all ports of entry.

SEC. 280. Enforcement of Port Quarantine Regulations.—Customs officials and employees shall cooperate with the quarantine authorities in the enforcement of the port quarantine regulations promulgated by the Bureau of Quarantine and shall give effect to those regulations connected with customs matters, including shipping and navigation.

SEC. 281. Power of the President/Prime Minister to Open and Close Any Port.—Upon recommendation of the Commissioner of Customs and the Ministry Head, the President/Prime Minister may open or close any port of entry. When a port of entry is closed, its existing personnel shall be reassigned to other duties by the Commissioner subject to the approval of the Ministry Head.

SEC. 282. Power of President/Prime Minister to Subject Premises to Jurisdiction of Bureau of Customs.—When any public wharf, landing place, street, or land in

any port of entry not previously under the jurisdiction of the Bureau of Customs is necessary or desirable for any proper customs purpose, the President/Prime Minister may, upon recommendation of the Commissioner and the Ministry Head, place the premises under the jurisdiction of the Bureau.

SEC. 283. Authority to Issue Rules and Regulations.—The Commissioner shall, subject to the approval of the Ministry Head, promulgate all rules and regulations to carry out the provisions of the Tariff and Customs Code. He shall also prepare and publish a customs manual containing up-to-date rules and regulations and the decisions of the Bureau which shall be made available to the public. The Head of Ministry and the Commissioner shall furnish the Central Bank, the Board of Investments, the National Economic and Development Authority, and the Tariff Commission with copies of every ministry order, administrative order, memorandum circular, other issuances, and the rules and regulations promulgated from time to time.

SEC. 284. Authority to Compromise.—The Commissioner may, upon approval of the Ministry Head, compromise any case or proceeding arising under the tariff and customs laws.

SEC. 285. Collection Districts and Ports of Entry.—For administrative purposes, the Philippines shall be divided into collection districts, the respective limits of which may be changed from time to time by the Commissioner with the approval of the Ministry Head. The principal ports of entry for the respective collection districts shall be Manila, Manila International Airport, Cebu, Davao, Iloilo, San Fernando (La Union), Batangas, Legaspi, Cagayan de Oro, Surigao, Tacloban and Zamboanga. The sub-ports of entry include Clark Airbase, Limay, Mariveles, Masinloc, Subic, Aparri, Claveria, Gaang, Sual, Puerto Princesa, Atimonan (Siain), Jose Panganiban, Tabaco, Virac, Masbate, Pulupandan, Cebu International Airport,

Dumaguete, Tagbilaran, San Jose, Catbalogan, Maasin, Bislig, Masao, Iligan, Ozamis, Jolo, Basilan, Bongao (Tawi-Tawi), Dadiangas, Parang and Mati.

CHAPTER 3—*The Bureau of the Treasury*

SEC. 286. Organization.—(1) The Bureau of the Treasury shall be headed by the Treasurer of the Philippines who shall be assisted by one Assistant Treasurer, except as may otherwise be provided for by law.

(2) The Bureau shall have an Administrative Service, a Financial and Management Service, a Cash Operation Service, a Public Debt Management Service, and a Treasury Data-Service Center.

(3) The Bureau shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Treasurer of the Philippines.

SEC. 287. Functions.—The Bureau shall:

- (1) Receive and keep national funds, manage and control the disbursements thereof;
- (2) Perform banking functions in relation to receipts and disbursements of all national funds;
- (3) Maintain accounts of financial transactions of all national government offices, agencies and instrumentalities;
- (4) Forecast periodically the cash position of the National Government;
- (5) Obtain cash under favorable conditions when necessary and in accordance with law;
- (6) Manage, control and service public debts whether incurred from domestic or foreign sources;
- (7) Invest excess idle funds;

- (8) Release funds corresponding to the revenue allotments of local governments as fixed by law;
- (9) Provide funds for pensions, retirements and gratuities, interest payments, loan repayments and sinking fund contributions;
- (10) Administer the public bonding law and enforce and implement all laws placed under its administration which affect the National Treasury;
- (11) Provide economical and efficient services relating to the processing and settlement of backpay claims;
- (12) Prepare and submit to the Commission on Audit and other fiscal authorities a daily statement of cash receipts and disbursements and balances of funds in the custody of the National Treasury;
- (13) Prepare and submit to the Ministry Head and other fiscal authorities a monthly report on the fiscal operations of the National Treasury; .
- (14) Conduct intelligence work and initiate investigation on all matters involving receipts and disbursements of national funds and cases of government securities; and
- (15) Perform other functions provided by law.

SEC. 288. Duties of the Treasurer.—The Treasurer of the Philippines shall:

- (1) Receive for safekeeping, managing controlling, servicing and accounting all funds which by law may be conveyed to the National Treasury or deposited therein, whether revenues and receipts of the Government or trust and depository funds, or proceeds from domestic and foreign borrowing;
- (2) Receive special deposits of money or securities relating to governmental transactions;
- (3) Make disbursements to meet expenditures of all ministries, agencies or instrumentalities of the National Government, determine and issue notices of periodic cash disbursement ceiling;

- (4) Certify to the availability of funds to support a special appropriation measure; and
 (5) Perform other duties provided by law.

SEC. 289. Agencies of the National Treasury in Foreign Countries.—The President/Prime Minister may, upon recommendation of the Treasurer and the Ministry Head, designate the depositories of the Government of the Republic of the Philippines in any foreign country to act as agents of the National Treasury.

SEC. 290. Investment of Excess or Idle Funds.—

(1) Investment of excess or idle funds in the National Treasury shall be made with the approval of the Ministry Head, upon recommendation of the Treasurer of the Philippines. Those funds shall be available for investment upon deposit at interest with Government depositories or for loans to any local government for infrastructure projects over periods not exceeding twenty years. For purposes of this section, "excess or idle funds" refers to any fund which is in excess of the estimated current cash requirements for governmental operations.

(2) No loan from any sinking fund shall be made for a period extending beyond the time of maturity of the bond or obligation secured.

CHAPTER 4—*Public Bonding Law*

SEC. 291. Persons Bondable in the Fidelity Fund.—Every officer, agent, and employee of the Government, including government-owned and controlled corporations shall, whenever the nature of the duties performed by such an officer, agent, or employee permits or requires the custody of funds or property for which he is accountable, be a bondable officer. The head of a bureau or office of the Government is likewise bondable. Except as otherwise provided, every such person shall be bonded and his fidelity insured in accordance with the provisions of this Chapter.

SEC. 292. *Administrative Regulations.*—The Treasurer of the Philippines, with the approval of the Ministry Head, shall prescribe regulations necessary in carrying into effect the provisions of this Chapter.

SEC. 293. *Persons Bondable at the Discretion of the Commission on Audit.*—The fidelity of the following officers shall be insured in the fidelity fund only when the Commission on Audit shall so direct:

- (1) Officers discharging their duties in any foreign country;
- (2) Officers accountable to others who are primarily accountable;
- (3) Officers who perform their services gratuitously, not being employed in some other governmental capacity with remuneration; and
- (4) Officers whose accountability is in an amount less than two thousand pesos.

SEC. 294. *Amount of Insurance.*—The Ministry Head shall fix the amount and conditions of insurance to be carried by the Treasurer of the Philippines. This duty shall be performed, as regards other officers, by the Commission on Audit or his duly authorized representatives who shall keep a record of all officers insured in the fidelity fund.

SEC. 295. *Notification.*—(1) The head of agency to which any bonded position pertains shall, upon the appointment or lawful accession of any person thereto, at once notify the Treasurer of the Philippines. Similar notification shall be given in case of any change or vacancy occurring in that position. In the provinces, this duty shall be performed by the provincial treasurers for all bonded positions under the provincial, municipal and barangay governments, separately or jointly; in chartered cities, this duty shall be performed by the city treasurers. The notification shall be in such form and shall contain

such information as the Treasurer of the Philippines shall require.

(2) Upon receiving notification, the Treasurer of the Philippines shall place the name of the officer so certified upon a record of bonded officers to be kept by him and shall notify the chief of bureau or office of that action.

SEC. 296. Unsafe Risks.—When a person insured or about to be insured in the said fund is not, in the judgment of the Commission on Audit and the Treasurer of the Philippines or head of agency or resident auditor, a safe and conservative risk, owing to his character, associations or habits, those facts shall be reported to the Ministry Head who, if he disapproved the risk, will recommend to the President/Prime Minister or to the proper Ministry Head the removal or relief of the officer of such duties which require insurance. The head of agency or resident auditor shall immediately communicate to the Treasurer of the Philippines any material information which would affect the insurability of the bonded official or employee. Failure on the part of the head of agency to do so shall render him subsidiarily liable for any unrecoverable loss that may arise due to that failure. The Treasurer of the Philippines shall upon receipt of the notification, evaluate the information and if it warrants the cancellation of the bond, cancel the said bond and notify the President/Prime Minister and the Ministry Head concerned of the cancellation so that the officer will be relieved of the duties which require insurance.

SEC. 297. Investment of Fidelity Fund.—The Treasurer of the Philippines may, with the approval of the Ministry Head, invest such amounts of the fidelity fund reserve as are not immediately needed to meet claims against the funds, in time deposit, in bonds or other securities of the National Government, or in loans for short periods not exceeding one year to local governments or to any institution or corporation under the control of the National Government.

SEC. 298. Constitution and Maintenance of Fidelity Fund.—The fidelity fund shall be constituted and main-

tained as a permanent reimbursable fund, at an amount not in excess of one million pesos. It shall consist of all moneys that have been or should have been lawfully covered into the fidelity fund, as heretofore constituted, and of its own future accretions resulting either from premiums, profits on investments, or payments made to replace shortages, losses, or defalcations of any sort. Any excess over the limit of one million pesos shall revert to the general funds.

SEC. 299. Application and Use of Fidelity Fund.—(1) The fidelity fund shall be available for the purpose of replacing defalcations, shortages, and unrelieved losses in the accounts of bonded officers, for the payment of fees and costs incident to civil proceedings brought against them to recover sums paid on their account from the said fund, and for the payment of such expenses of administration and operation of the fidelity fund as may be incurred in carrying out the provisions of this Chapter.

(2) In case the total amount of claims against the fidelity fund exceeds the reimbursable amount of one million pesos as constituted, the excess shall be paid out of any earnings of the fidelity fund.

(3) In case the total amount of claims payable from the fidelity fund shall at any time exceed the capital and its earnings pertaining thereto, the amount necessary to cover the deficit shall be advanced from the general fund surplus of the National Government until such time as the overdraft shall have been offset by the future net earnings of the fund.

SEC. 300. Adjudication and Payment of Claims.—(1) Any claim against the fidelity fund shall be made or forwarded to the Treasurer of the Philippines together with the evidence relating thereto. If he recommends payment of the claim or a part thereof and his recommendation is approved by the Commission on Audit, it shall be a legal claim against and payable from the fidelity fund.

(2) No claim against the fund shall be approved for payment unless all possible means have been exhausted to recover the loss from the insured himself or his sureties. Immediate steps should be taken after the discovery of the malversation to place all the properties of the erring official or employee under *custodia legis*, or to obtain a preliminary writ of attachment of all those properties. The Solicitor General shall, upon request of the Treasurer of the Philippines and the Ministry Head, institute the necessary court action to protect the interest of the fidelity fund.

SEC. 301. *Sheriff's Bond.*—(1) A sheriff or any person exercising the functions of an officer of the court shall, before being allowed to perform his duties, execute a bond with approved sureties, in the form and amount as the Commission on Audit shall fix, in favor of the Government for the benefit of whom it may concern. The bond shall be conditioned for the faithful performance of his duties and that of his deputies as sheriff and officer of the court, and for the delivery or payment to the Government or the persons entitled thereto, of all property or sums of money that shall officially come into his possession. The failure to give bond as herein required before the expiration of the period of thirty days from the date when the officer entered upon the discharge of his duties shall constitute a renunciation of the office.

(2) The bond shall in no case have less than two sureties, if they be individuals. If there are only two sureties, each must own real property to the full amount of the bond, free from encumbrances, and over and above all his other existing liabilities and exclusive of property exempt from execution. If there be three or more sureties, it shall suffice if they collectively own real property in double the amount of the bond and similarly circumstanced as above.

(3) The bond may be made by a corporation authorized by law to execute fidelity bonds.

SEC. 302. *Qualification of Sureties.*—The bond shall bear an indorsement of the proper provincial treasurer stating that after due investigation and to the best of his knowledge and belief the sureties, if individuals, are qualified under the law. The sureties themselves shall also certify to the same effect upon oath before a judge of the Court of First Instance or in his absence before the provincial or city fiscal.

SEC. 303. *Approval and Preservation of Bond.*—Upon the execution of any such bond, the clerk of court shall retain a copy for preservation in his own office and, after the Commission on Audit shall have approved the same, transmit the original to the Treasurer of the Philippines for preservation.

SEC. 304. *Renewal or Strengthening of Bond.*—When it shall appear to the judge of the proper court that any bond is risky or insufficient, an order shall be made requiring a new bond or additional security to be given within a period to be specified therein; and if it is not complied with, the office shall be deemed to have been vacated and another person shall be appointed thereto.

SEC. 305. *Right of Bonded Officer to Require Bond from Deputy or Assistant.*—A sheriff or other accountable official may require any of his deputies or assistants not bonded in the fidelity fund, to give an adequate personal bond as security against loss by reason of any wrongdoing on the part of the deputy or assistant. The taking of the security against loss shall in no case impair the independent liability.

SEC. 306. *Certificate Required for Bonded Officer Leaving the Philippines.*—No sheriff or officer whose fidelity is or has been insured in the fidelity fund shall leave or attempt to leave the Philippines until he shall have secured a certificate from the Commission on Audit showing that his accounts have been fully settled. This requirement shall not apply to those who are leaving the Philippines on official missions.

CHAPTER 5—*Insurance Commission*

SEC. 307. *Organization.*—(1) The Insurance Commission shall be headed by a Commissioner who shall be assisted by one Deputy Commissioner, except as may otherwise be provided for by law.

(2) The Commission shall have staff and operating units provided by law.

SEC. 308. *Functions.*—The Commission shall:

(1) Administer all laws relating to the business of insurance and shall exercise jurisdiction over all corporations, associations, societies, orders, partnerships, and individuals engaged in insurance business;

(2) Promulgate policies, rules and standards for the proper enforcement of all laws and regulations relative to insurance and insurance companies, mutual benefit, relief and benevolent societies or associations, and trusts for charitable uses;

(3) Promote the establishment of a sound national insurance trade and market that will provide adequate cover of risks at fair prices and effect the reduction of foreign exchange outflow due to insurance and reinsurance transactions;

(4) Submit annual and special reports to the Ministry Head on important insurance trade and market development activities, and make recommendations to accomplish the purposes of all laws and regulations relating to insurance and insurance companies, mutual benefit, relief and benevolent societies or associations, and trusts for charitable uses;

(5) Administer the Security Fund and the Guaranty Trade Fund created pursuant to the Insurance Code;

(6) Adjudicate claims and complaints involving any loss, damage or liability for which an insurer may be answerable under any contract of insurance, guaranty and suretyships,

reinsurance agreements, or membership certificates of Mutual Benefit Associations as provided in the Insurance Code;

(7) Adopt plans and programs to achieve economical, efficient and effective supervision over insurance firms and practices; and

(8) Perform other functions provided by law.

CHAPTER 6—*Bureau of Internal Revenue*

SEC. 309. Organization.—(1) The Bureau of Internal Revenue shall be headed by a Commissioner who shall be assisted by one Deputy Commissioner, except as may otherwise be provided for by law.

(2) The Bureau shall have an Administrative Service, a Financial and Management Service, a Collection Service, an Assessment Service, an Inspection Service, a Legal Service, a Specific Tax Service, and a Data Processing Center.

(3) The field service offices shall consist of revenue regional and revenue district offices, as may be provided by law.

SEC. 310. Functions.—The Bureau shall:

(1) Assess and collect all national internal revenue taxes, fees and charges, and enforce all forfeitures, penalties, and fines connected therewith, including the execution of judgments in all cases decided by the courts in its favor;

(2) Administer the supervisory and police powers conferred by law; and

(3) Perform other functions provided by law.

SEC. 311. Duties of the Commissioner.—The Commissioner shall, subject to the supervision and control of the Ministry Head, administer and enforce the provisions

of the National Internal Revenue Code and other related laws.

SEC. 312. *Revenue Agents and Deputies.*—For the collection of the national internal revenue taxes, fees and other charges on imported articles, the Commissioner of Customs and his subordinates are constituted as agents of the Commissioner of Internal Revenue. As such, they shall comply with the requirements of revenue rules and regulations on the collection of these taxes, fees, and other charges as well as the matter of reporting the collections to the Commissioner of Internal Revenue.

CHAPTER 7—Embroidery and Apparel Control and Inspection Board

SEC. 313. *Organization.*—(1) The Embroidery and Apparel Control and Inspection Board shall be composed of the Deputy Minister of Finance as Chairman, and a representative each from the Bureau of Customs, Central Bank, Board of Investments, Ministry of Trade, the Philippine Association of Embroidery and Apparel Exporters, Inc. and the Textile Mills Association of the Philippines as members. The last two-mentioned representatives shall be designated by the Minister of Finance upon recommendation by their respective associations.

(2) The Board shall have an Executive Director who shall perform such duties as may be assigned to him by the Chairman of the Board.

SEC. 314. *Functions.*—(1) The Board shall:

(a) Administer, supervise, control, check and counter-check imported textiles, leather or any other similar raw materials, accessories or supplies consigned to operators of embroidery, apparel, shoe, hat, belt and handbag factories for manufacture and subsequent exportation of the finished products;

- (b) Promulgate rules and regulations for the effective control and supervision over embroidery, apparel, shoe, hat, belt and handbag manufacturers granted permits by the Board, including a systematized procedure of registering and licensing applicant firms, imports, manufacturing and exports, period for warehousing and exportation, and assessment fees on labor and overhead on exports;
 - (c) Process and approve applications to established bonded manufacturing warehouses and issue licenses to importers, upon payment of the required fee as determined by the Board;
 - (d) Check and verify compliance by operators with applicable laws, rules and regulations;
 - (e) Impose fees for initial inspection of proposed bonded manufacturing warehouses;
 - (f) Inspect and audit by itself, or its authorized representative, books of accounts used by operators;
 - (g) Suspend or cancel, after due notice and hearing, the permit to operate a bonded manufacturing warehouse or the issuance of licenses to import raw materials for manufacture and subsequent export, and may impose corresponding penalties for violation of law, its implementing rules and regulations, or the terms and conditions of the permit to operate or license to import;
 - (h) Administer and implement all treaties and agreements entered into by and between the Philippines and foreign governments relating to imports, exports and restrictions on garments, apparel, textiles and, for this purpose, promulgate the necessary rules and regulations; and
 - (i) Perform other functions provided by law.
- (2) The Board shall meet at least once a week or oftener when necessary to transact official business. The Chairman and members of the Board shall each receive a reasonable per diem to be fixed by the Ministry Head, but in no case shall the per diem be more than one thousand pesos a month.

SEC. 315. Authority to Enter Manufacturing Warehouse.—The Chairman or any member of the Board or its authorized representative may enter any manufacturing warehouse under its control and supervision for the purpose of inspection and examination of its operations on the raw materials being manufactured or processed for export.

CHAPTER 8—Office of Local Government Finance

SEC. 316. Organization.—The Office of Local Government Finance shall be headed by a Director who shall be assisted by one Assistant Director, except as may otherwise be provided by law.

SEC. 317. Functions.—The Office shall, under general direction, provide assistance in the exercise of direct executive supervision over the regional offices of the Ministry and over the financial affairs, except as otherwise provided by law, and revenue-raising units of local governments and the formulation of appropriate policies that will foster sound fiscal management at local government levels. It shall also provide the local governments with technical assistance in the execution of policies, preparation of fiscal plans and programs, the enactment of tax ordinances, real property valuation and the utilization of credit facilities in order to enhance their financial stability and growth.

CHAPTER 9—Finance Intelligence and Investigation Bureau

SEC. 318. Organization.—(1) The Finance Intelligence and Investigation Bureau shall be headed by a Commissioner who shall be assisted by one Deputy Commissioner, except as may otherwise be provided by law.

(2) The Bureau shall have such regional offices as may be provided by law.

SEC. 319. Functions.—The Bureau shall:

- (a) Receive, gather, collate and evaluate and disseminate intelligence data and information primarily on the modes, methods, nature and extent of smuggling, tax evasion, and other related illegal activities; and cause the investigation of such cases to find out the guilty parties;
- (b) Monitor the finance and economic activities of persons or entities, whether domestic or foreign, which may adversely affect national interest and security;
- (c) Conduct counter-intelligence on smuggling, tax evasion and other related illegal activities;
- (d) Coordinate with other government agencies and law enforcement functionaries for necessary assistance in carrying out any of its functions;
- (e) Render reports and submit intelligence assessments to the Minister of Finance, the Director General of NISA, and to such other officials as may be directed;
- (f) Recommend steps or actions as may be appropriate to prevent or suppress smuggling, tax evasion and other related illegal activities; and
- (g) Exercise such other functions and perform such other duties as may be directed by competent authority.

CHAPTER 10—*Miscellaneous Provisions*

SEC. 320. Attached Agencies.—The agencies attached to the Ministry shall continue to operate with their present organizational structures and perform the duties and functions assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE III—MINISTRY OF JUSTICE

CHAPTER 1—*General Provisions*

SEC. 321. Declaration of Policy.—The Government is committed to prevent, detect, investigate and prosecute

crimes and reform offenders; render adequate and efficient legal service to the Government and deserving indigent low-income litigants; enforce citizenship and immigration laws; maintain an effective system of land registration; and secure equal justice under the law.

SEC. 322. Organization.—The authority and responsibility for the exercise of the powers and the discharge of the functions of the Ministry of Justice is vested in the Minister of Justice who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry of Justice, hereafter referred to in this Title as the Ministry, shall have a technical staff, a prosecution staff, a legal staff, an administrative service, and a financial and management service.

(3) The Office of the Solicitor General, the Office of the Government Corporate Counsel, the Citizens Legal Assistance Office, the National Bureau of Investigation, the Land Registration Commission, the Commission on Immigration and Deportation, the National Prosecution Service, the Probation Administration, the Board of Pardons and Parole and the Bureau of Prisons shall be under the supervision and control of the Ministry, except as may be provided by special law.

(4) The National Bureau of Investigation shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Bureau Director. The Bureau of Prisons shall have such regional prisons as provided by law.

SEC. 323. Functions.—(1) The Ministry shall plan, develop and implement programs relating to, and administer and coordinate the activities and functions of, the agencies and offices under it; and set up its general goals of accomplishment.

(2) The Minister shall, in addition to his regular powers and duties as Ministry Head, serve as the

legal adviser of the Government, and as *ex officio* legal adviser of government-owned or controlled corporations and instrumentalities.

(3) The *Technical Staff* shall assist the Ministry Head in exercising supervision and control over the agencies and personnel under him, and in reviewing administrative cases against those personnel.

(4) The *Prosecution Staff* shall assist the Ministry Head in exercising supervision and control over all provincial and city fiscals and other prosecuting officers of the government; investigating administrative charges against fiscals, prosecutors and other personnel; investigating and prosecuting important criminal cases like rebellion, sedition, and violation of nationalization laws; preparing legal opinions on queries relating to criminal law and procedure; and reviewing appeals from the actions or resolutions of fiscals and other prosecuting officers.

(5) The *Legal Staff* shall assist the Ministry Head in rendering opinion on any question of law upon written request of the President/Prime Minister, heads of Ministries, bureaus and offices, and government-owned or controlled corporations; in giving legal advice in pursuance of the ministry's legal counselling function to the government and its agencies upon any question of law arising from the performance of their functions; in effecting administrative settlement or adjudication of disputes, claims and controversies solely between or among government offices, agencies, instrumentalities and government-owned or controlled corporations, except the National Assembly, the Supreme Court, the Constitutional Commissions and local governments; in reviewing on appeal decisions on immigration status, citizenship, property assessments and tax ordinances of local governments, and in granting, by authority of the President/Prime Minister, requests of aliens for changes of admission status and/or waiver of the physical departure requirement and requests for authority to excavate hidden treasures.

(6) The *Administrative Services* shall be responsible, among others, for personnel, general services and public information functions of the Ministry.

(7) The *Financial and Management Service* shall be responsible, among others, for all functions of the Ministry relating to budgeting, accounting, internal auditing, management improvement and financial reporting.

CHAPTER 2—*Office of the Solicitor General*

SEC. 324. Organization.—(1) The Office of the Solicitor General shall be headed by a Solicitor General who may be assisted by as many Assistant Solicitors General, Solicitors and trial attorneys as provided by law.

(2) The office shall have such staff and operating units as provided by law.

SEC. 325. Qualifications and Appointment.—(1) The Solicitor General shall have the same qualifications for appointment, rank, prerogatives and privileges as the Presiding Justice of the Court of Appeals.

(2) An Assistant Solicitor General shall have the same qualifications for appointment, rank, prerogatives and privileges as those of a judge of the Court of First Instance.

(3) To be eligible for original appointment as Solicitor, a person shall be a citizen of the Philippines, a member of the Integrated Bar of the Philippines, of recognized competence, with experience in the practice of law for at least four years and, except in cases of promotion within the office, must not be more than forty-five years old.

(4) The Solicitor General, Assistant Solicitors General and Solicitors shall be appointed by the President/Prime Minister.

SEC. 326. Duties of Solicitor General.—The Solicitor General shall:

(1) Represent the Government in the Supreme Court and the Court of Appeals in all criminal proceedings;

represent the Government and its officers in the Supreme Court, the Court of Appeals and in all courts or tribunals in all civil actions and special proceedings in which the Government or any officer thereof is a party in his official capacity;

(2) Investigate, initiate court action, or in any manner proceed against any person, corporation or firm for the enforcement of any contract, bond, guarantee, mortgage, pledge or other collateral executed in favor of the Government and pursue the collection of any claim or judgment in favor of the Government outside of the Philippines and for this purpose, with the approval of the Head of Ministry, employ counsel to assist in the collection thereof;

(3) Appear before any court in any action involving the validity of any treaty, law, executive agreement, executive order or proclamation, rule or regulation when in his judgment his intervention is necessary;

(4) Prepare, upon request of the President/Prime Minister or other officer of the National Government, rules and guidelines for government entities governing the preparation of contracts, making of investments, undertaking of transactions, and drafting of forms or other writings needed for official use to facilitate their enforcement and ensure that they are entered into or prepared conformably with law and for the best interest of the public;

(5) Deputize and direct, whenever in his opinion the public interest requires it, any provincial or city fiscal to assist him in the performance of any function or discharge of any duty incumbent upon him, within the jurisdiction of the said provincial or city fiscal, and with respect to such an assignment, he shall have supervision and control over his conduct and proceedings and may require the fiscal to render reports or furnish information regarding the assignment;

(6) Authorize or deputize legal officers of government agencies and offices to assist him and appear or represent the Government in cases involving their respective offices

brought before the courts, and exercise supervision and control over the said legal officers with respect to those cases;

(7) Call on any government agency for such service, assistance and cooperation as may be necessary in fulfilling his functions and responsibilities and enlist the services of any government official or employee in the pursuit of his tasks;

(8) Represent, upon instructions of the President/Prime Minister, the Republic of the Philippines, in international litigations, negotiations or conferences;

(9) Act and represent the Republic or the People before any court, tribunal, body, or commission in any matter, action, or proceeding which affects the welfare of the people;

(10) Represent government-owned or controlled corporations when authorized by the President/Prime Minister or by the head of the office concerned; and

(11) Perform other functions provided by law.

SEC. 327. Attorneys and Experts to Assist the Solicitor General.—The Solicitor General shall, when in his opinion public interest requires it and with the approval of the Head of Ministry, employ, retain and compensate on a contractual basis, in the name of the Government, such attorneys and experts or technical personnel as he may deem necessary to assist him in the discharge of his duties. The compensation and expenses of the said persons shall be charged to the agency or office in whose behalf the services are rendered.

CHAPTER 3—*Office of the Government Corporate Counsel*

SEC. 328. Organization.—(1) The Office of the Government Corporate Counsel shall be headed by a Government Corporate Counsel who may be assisted by as many Assistant Government Corporate Counsels and State Corporate Attorneys as provided by law.

(2) The Office shall have staff and operating units provided by law.

SEC. 329. *Qualifications and Appointment.*—(1) The Government Corporate Counsel shall have the rank, qualifications for appointment, emoluments and privileges as those of an Associate Justice of the Court of Appeals.

(2) An Assistant Government Corporate Counsel shall have the same rank, qualifications for appointment, emoluments and privileges as those of judges of courts of first instance.

(3) The State Corporate Attorneys must be members of the Philippine Bar and must have at least five (5) years experience in the practice of law.

(4) The Government Corporate Counsel, the Assistant Government Corporate Counsels and the State Corporate Attorneys shall be appointed by the President/Prime Minister.

SEC. 330. *Functions.*—(1) The Office shall:

(a) Serve as the principal law office for all government-owned or controlled corporations, except as otherwise provided by law;

(b) Pass upon proposed contracts and legal questions raised by those corporations for advice, opinion, or determination;

(c) Exercise supervision and control over all legal units maintained separately by the said corporations, if not otherwise specifically provided by law; and

(d) Perform other functions provided by law.

(2) No government-owned or controlled corporation being served by the Office shall engage the services of a private law practitioner to handle any of its legal cases or perform legal work without the prior written consent of the Government Corporate Counsel and the Minister of Justice.

SEC. 331. *Duties.*—The Government Corporate Counsel shall:

- (1) Prepare briefs, pleadings and memoranda in all criminal and civil cases of government-owned or controlled corporations;
- (2) Attend trials and hearings of the said cases before courts and quasi-judicial bodies;
- (3) Render legal opinions and assistance upon request of those corporations;
- (4) Exercise supervision and control over all legal units maintained separately by those corporations if not otherwise provided by law; and
- (5) Perform other duties provided by law.

CHAPTER 4.—Citizens Legal Assistance Office

SEC. 332. *Organization.*—(1) The Citizens Legal Assistance Office (CLAO) shall be headed by a Chief Citizens Attorney who may be assisted by one or more Deputy Chief Citizens Attorneys, and Citizens Attorneys.

(2) The CLAO shall have staff and operating units provided by law.

(3) The CLAO shall have regional offices which shall be in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Chief Citizens Attorney.

SEC. 333. *Qualifications and Appointment.*—The Chief Citizens Attorney and Deputy Chief Citizens Attorney shall have the same qualifications prescribed by law for a judge of the Court of First Instance, and shall be appointed by the President/Prime Minister.

SEC. 334. *Functions.*—(1) The CLAO shall:

(a) Represent, free of charge, indigent or low-income litigants as defined under existing laws or the immediate

members of their families in all civil, administrative and criminal cases where, after due investigation, the interest of justice or the government will be served thereby, except agrarian reform cases which shall be handled by the Bureau of Agrarian Legal Assistance and such cases as, are now handled by the Ministry of Labor;

(b) Render, upon request, free oral or written legal advice to the said indigent or low-income members of their families; and

(c) Perform other functions provided by law or assigned by the Head of Ministry.

(2) The Chief Citizens Attorney shall:

(a) Act as executive officer of the CLAO;

(b) Supervise all operations designed to strengthen free legal assistance and counselling service to indigent or low-income litigants;

(c) Exercise supervision and control over all officials and employees of the CLAO; and

(d) Perform other duties provided by law.

SEC. 335. *Authority to Administer Oaths.*—The citizens attorneys of the CLAO shall have authority to administer oaths in connection with the performance of their official duties.

CHAPTER 5—*National Bureau of Investigation*

SEC. 336. *Functions.*—The National Bureau of Investigation (NBI) shall:

(1) Investigate, upon its own initiative or when properly requested, crimes and offenses as public interest may require;

(2) Act as a national clearinghouse of criminal and other information for the benefit and use of all prosecuting and law-enforcement agencies of the Philippines in

identifying records of all persons without criminal convictions, records of identifying marks, characteristics and ownership or possession of all firearms and test bullets fired therefrom;

(3) Give technical aid to all prosecution and law-enforcement officers and agencies of the Government, including the courts which may request its services;

(4) Extend its services in the investigation of administrative or civil cases in which the Government is interested;

(5) Establish and maintain up-to-date scientific crime laboratory facilities and conduct researches in furtherance of scientific knowledge in criminal investigation;

(6) Coordinate with other agencies in the maintenance of peace and order; and

(7) Perform other functions provided by law.

SEC. 337. Duties of Director.—The Director shall:

(1) Act as head of the National Central Bureau of the Interpol in the Philippines;

(2) Act as permanent consultant in the implementation of the Dangerous Drugs Act;

(3) Act as security consultant of any government agency whenever requested; and

(4) Perform other duties provided by law.

CHAPTER 6—*Land Registration Commission*

SEC. 338. Organization.—(1) The Land Registration Commission shall be headed by a Commissioner who shall be assisted by one Deputy Commissioner.

(2) The Commission shall have staff and operating units provided by law.

SEC. 339. Qualifications and Appointment.—The Commissioner and Deputy Commissioner shall be members of the Philippine Bar with at least ten (10) years practice in the legal profession and shall have the same rank, emoluments and privileges as those of a judge of a Court of First Instance. They shall be appointed by the President/Prime Minister.

SEC. 340. Functions.—(1) The Commission shall:

- (a) Be primarily responsible for registration of properties and related activities;
 - (b) Extend speedy and effective assistance to the Ministry of Agrarian Reform, the Land Bank, and other agencies in the implementation of the Land Reform Program of the Government;
 - (c) Extend assistance to courts in ordinary and cadastral land registration proceedings;
 - (d) Be the central repository of records relating to original registration of land titles under the Torrens System, including subdivision and consolidation plans of titled lands; and
 - (e) Perform other functions provided by law.
- (2) The Commission may not order or cause any change, modification, or amendment in the contents of any certificate of title, or of any decree or plan, including the technical description therein, covering any real property registered under the Torrens System, nor order the cancellation of the said certificate of title and the issuance of a new one which would result in the enlargement of the area covered by the certificate of title.

SEC. 341. Duties of the Commissioner.—The Commissioner shall:

- (1) Issue decrees of registration pursuant to final judgments of the courts in land registration proceedings and cause the issuance by the registers of deeds of the corresponding certificates of titles;

(2) Exercise supervision and control over all Registers of Deeds and other personnel of the Commission;

(3) Resolve cases elevated *en consulta* by, or on appeal from decisions of, Registers of Deeds;

(4) Implement all orders, decisions and decrees promulgated relative to the registration of lands and issue, subject to the approval of the Minister, all needful rules and regulations governing the same;

(5) Verify and approve subdivision consolidation and subdivision survey plans of properties titled under Act No. 496, except those covered by P.D. No. 957;

(6) Exercise supervision and control over all clerks of court and personnel of the courts of first instance throughout the Philippines with respect to the discharge of their duties and functions relating to the registration of lands; and

(7) Perform other duties provided by law.

CHAPTER 7—Commission on Immigration and Deportation

SEC. 342. *Organization.*—(1) The Commission on Immigration and Deportation shall be headed by a Commissioner who may be assisted by two Associate Commissioners.

(2) The Commission shall have staff and operating units provided by law.

(3) The Commissioner and the two Associate Commissioners, sitting as a body, shall compose the Board of Commissioners. The Board of Special Inquiry shall be under its supervision and control as hereinafter provided.

SEC. 343. *Qualifications and Appointment.*—(1) No person shall be appointed Commissioner or Associate Commissioner unless he is at least 35 years of age, a member of the Integrated Bar of the Philippines, and has practised law for at least ten years.

(2) The Commissioner and Associate Commissioners shall be appointed by the President/Prime Minister.

SEC. 344. *Functions.*—The Commission shall:

(1) Enforce and administer the immigration and alien registration laws, including the admission, registration, exclusion, deportation and repatriation of aliens;

(2) Supervise alien immigration or their emigration;

(3) Promulgate, with the approval of the Ministry Head, rules and regulations, and prescribe the forms of bonds, reports and other papers, necessary to carry out the provisions of immigration laws; and

(4) Perform other functions provided by law.

SEC. 345. *Duties of Commissioner.*—The Commissioner shall:

(1) Act as the head of the Commission;

(2) Serve as Chairman of the Board of Commissioners;

(3) Issue, upon authority of the Commission, *subpoena* and *subpoena duces tecum* in cases pending before the Commission;

(4) Take testimony or receive evidence in any case which the Commission may delegate to any competent immigration officer; and

(5) Perform other duties provided by law.

SEC. 346. *Board of Commissioners.*—(1) The Board of Commissioners shall have exclusive jurisdiction over all deportation cases. Its decisions shall become final and executory after thirty days from promulgation, if within the said period the President/Prime Minister does not issue an order to the contrary.

(2) The Board shall be composed of the Commissioner as Chairman, and the two Associate Commissioners as members. In the absence of a member of the Board, the Ministry Head shall designate any officer of the Ministry to

act as member. All cases before the Board shall be decided by a majority vote.

(3) The Board shall:

- (a) Hear and decide deportation cases and submit its decisions to the President/Prime Minister;
- (b) Review on appeal or on its initiative the decisions of the boards of special inquiry;
- (c) Process and act upon applications for prearranged employment, extensions of stay, requests of aliens deported as indigents to re-enter the Philippines; and
- (d) Perform other functions provided by law.

SEC. 347. *Board of Special Inquiry.*—(1) The Boards of Special Inquiry shall determine whether an alien may be allowed to enter or land in the Philippines and submit their findings and recommendations to the Commission.

(2) A board of special inquiry shall be organized in each port composed of a chairman and two members who shall be appointed by the President/Prime Minister alone and who shall be removable at his pleasure. Where it is not convenient or necessary to organize permanent Boards, the President/Prime Minister may designate employees in the port concerned to constitute a board which he may organize from time to time as circumstances may require.

(3) The Boards shall:

- (a) Investigate admission cases referred to it by the immigration officers or the Commissioner;
- (b) Hear and decide exclusion cases and submit their findings and recommendations to the Board of Commissioners;
- (c) Investigate claims to Philippine citizenship and submit their findings and recommendations to the Board of Commissioners; and
- (d) Perform other functions provided by law.

CHAPTER 8—*National Prosecution Service*

SEC. 348. Organization.—(1) The National Prosecution Service shall be composed of the Prosecution Staff and such number of Regional State Prosecution Offices, and Provincial and City Fiscal's Offices, as provided by law.

(2) The Prosecution Staff in the Office of the Minister shall be headed by a Chief State Prosecutor who shall be assisted by three Assistant Chief State Prosecutors, and shall have such number of State Prosecutors and Prosecuting Attorneys as provided by law.

(3) Except the National Capital Region which shall be directly under the supervision and control of the Chief State Prosecutor, each Regional State Prosecution Office shall be headed by a Regional State Prosecutor who shall be assisted by an Assistant Regional State Prosecutor, and shall each have three state prosecutors.

(4) The Office of the Provincial or City Fiscals shall be headed by a Provincial Fiscal in a province, and by a City Fiscal in a city, who shall be assisted by such number of assistant fiscals and special counsels as provided by law.

SEC. 349. Qualifications.—(1) The Chief State Prosecutor, the Assistant Chief State Prosecutors, the Regional State Prosecutors and their assistants, the Provincial and City Fiscals and their assistants, and the State Prosecutors shall be citizens of the Philippines, persons of proven integrity and competence and have been in the actual practice of the legal profession for at least five years or have held during like period any position requiring the qualifications of a lawyer, prior to their appointment.

(2) The prosecuting attorneys and special counsels must be members of the Integrated Bar.

SEC. 350. Appointments.—The members of the service shall be appointed by the President/Prime Minister, except the prosecuting attorneys and the special counsels who shall be appointed by the Minister.

SEC. 351. Functions.—(1) The Prosecution Staff shall:

- (a) Investigate administrative charges against fiscals and other prosecuting officers;
- (b) Conduct the investigation and prosecution of all crimes;
- (c) Prepare legal opinions on queries involving violations of the Revised Penal Code and special laws;
- (d) Review appeals from the resolutions of fiscals and other prosecuting officers in connection with criminal cases handled by them; and
- (e) Perform other functions provided by law.

(2) The Regional State Prosecutor shall:

- (a) Implement policies, plans, programs, memoranda, orders, circulars and rules and regulations of the ministry relative to the investigation and prosecution of criminal cases in his region;
- (b) Exercise supervision and control over all provincial and city fiscals and other prosecuting officers of provinces and cities comprised within his region;
- (c) Prosecute any case arising within the region;
- (d) Appoint such number of subordinate officers and employees as may be necessary in his regional office and the offices of the provincial and city fiscals within his region, and approve transfers of subordinate personnel within the jurisdiction of his regional office;
- (e) Investigate administrative complaints against fiscals and other prosecuting officers within his region and submit his recommendations thereon to the Minister who shall, after review thereon, submit the appropriate recommendation to the Office of the President/Prime Minister, and where the Minister finds insufficient grounds for the filing of the charges, he may render a decision of dismissal thereof;
- (f) Investigate administrative complaints against subordinate personnel of the region and submit his recom-

mendations thereon to the Minister who shall have the authority to render decision;

(g) Approve requests for sick, vacation and maternity leaves of absence with or without pay, for a period not exceeding one year; for overtime services; for permission to exercise their profession or to engage in business outside of office hours in accordance with standards and guidelines of the Civil Service Commission; and for official travel within the region for periods not exceeding thirty days;

(h) Prepare the budget for the region for approval of the Minister and administer the same;

(i) Negotiate and conclude contracts for services or for furnishing supplies, materials and equipment for amounts not exceeding P50,000.00 for each quarter;

(j) Coordinate with regional offices of other Ministries, with bureaus and agencies under the ministry, and with local governments and police units in the region; and

(k) Perform other duties provided by law.

(3) The Provincial or City Fiscal shall:

(a) Be the law officer of the province or city, as the case may be, and shall have charge of the prosecution of all crimes, misdemeanors and violations of city or municipal ordinances in the courts of such province or city and shall therein discharge all the duties incident to the institution of criminal prosecution;

(b) Investigate or cause to be investigated all charges of crimes, misdemeanors and violations of all penal laws and ordinances within his jurisdiction and have the necessary information or complaint prepared or made against the persons accused and, in the conduct of such investigations, he or his assistants shall receive the sworn statements or take oral evidence of witnesses summoned by subpoena for the purpose;

(c) Investigate commission of criminal acts and take an active part in the gathering of relevant evidence. For this purpose, the National Bureau of Investigation, the Philippine Constabulary and other officers and agencies of

the government shall extend to him the necessary assistance;

(d) Any provision of law to the contrary notwithstanding, the provincial or city fiscal may, concurrently with the Municipal or Provincial Attorney or City Legal Officer, act as legal adviser of the municipal or city mayors and council or *sanggunian* of the various municipalities of the province, or the provincial or city government and its officers and shall, when so requested, submit his opinion in writing upon any legal question submitted to him by any such officer or body pertinent to the duties thereof;

(e) Assist the Solicitor General, when so deputized in the public interest, in the performance of any function or in the discharge of any duty incumbent upon the latter, within the territorial jurisdiction of the former, in which cases, he shall be under the supervision and control of the Solicitor General with regard to the conduct of the proceedings assigned to him, and render report thereon; and

(f) Perform such other duties provided by law or as directed by the Minister.

SEC. 352. Designation of Acting Fiscal.—When a provincial or city fiscal is disqualified by personal interest to act in a particular case or when for any reason he is unable or fails to discharge any of the duties of his position, or when the position is vacant, the Ministry Head may designate a practicing attorney or any competent officer of the Ministry or of the Office as Acting Provincial or City Fiscal who shall discharge all the duties of the regular fiscal. Such an officer shall have the same compensation as the regular fiscal.

SEC. 353. Special Counsels.—Whenever the exigencies of the service require the creation of positions of additional counsel to assist provincial and city fiscals in the discharge of their duties, positions of Special Counsels may be created by any province or city, subject to the approval of the Minister, and with salaries chargeable against provincial

or city funds, at the rate of not more than the salary authorized by law for the lowest rank or grade of assistant fiscal in the province or city where they are assigned.

SEC. 354. Office Space, Maintenance and other Incidental Expenses.—(1) The Ministry of the Budget and other Ministries or agencies concerned are hereby directed to provide the Ministry such technical assistance and establish suitable building sites and office spaces for the Regional State Prosecution Offices. Rental costs and all other expenses incidental to the maintenance of the Regional State Prosecution Offices shall be paid out of national funds.

(2) The provincial and city governments shall provide adequate office spaces for the offices of their respective provincial or city fiscals and all expenses incidental to the maintenance of said offices, including rental payments, shall be paid by the province or city concerned.

SEC. 355. Salaries.—(1) The salaries of the officers and members of the Service except the special counsels, shall be entirely paid out of national funds and included in the annual appropriations of the Ministry.

(2) The salaries of clerks, stenographers and other subordinate employees in the offices of the provincial and city fiscals shall be paid by the province or city where they are assigned.

CHAPTER 9—Probation Administration

SEC. 356. Organization.—(1) The Probation Administration shall be headed by an Administrator who may be assisted by a Deputy Administrator.

(2) The Administration shall have such staff, operating units and personnel as may be necessary for the proper execution of its functions.

(3) The Administration shall have regional offices organized on a bureau-wide basis. Each regional office shall

be headed by a regional Probation Officer who shall perform such duties as may be delegated to him by the Administration.

SEC. 357. *Functions.*—The Administration shall:

- (1) Exercise general supervision over all probationers;
- (2) Promote the correction and rehabilitation of an offender by providing him with individualized treatment;
- (3) Provide opportunities for the reformation of a penitent offender which might be less probable if he were to serve a prison sentence;
- (4) Prevent the commission of offenses; and
- (5) Perform other functions provided by law.

SEC. 358. *Qualifications and Appointment.*—(1) The Probation Administrator and the Deputy Probation Administrator must be at least thirty-five years of age, holders of a graduate degree or its equivalent in either criminology, social work, corrections, penology, psychology, sociology, public administration, law, police science, police administration, or related fields, and should have at least five years of supervisory experience, or be a member of the Philippine Bar with at least seven years of supervisory experience.

(2) The Probation Administrator and the Deputy Probation Administrator shall be appointed by the President/Prime Minister.

SEC. 359. *Duties.*—The Probation Administrator shall:

- (1) Act as the executive officer of the Administration;
- (2) Exercise supervision and control over all probation officers and employees;
- (3) Make annual reports to the Minister of Justice, in such form as the latter may prescribe, concerning the operation, administration and improvement of the probation system;

- (4) Exercise supervision and control over all regional, provincial and city probation officers and employees; and
- (5) Perform other duties provided by law.

CHAPTER 10.—Bureau of Prisons

SEC. 360. Duties of Director.—The Director shall:

- (1) Have supervision and control of national prisons, penal farms and settlements and be charged with the safe-keeping and reformation of all prisoners confined therein or committed to the custody of the Bureau; and exercise administrative supervision over all provincial, city and municipal jails;

(2) Advise the Ministry Head on matters relating to the formulation and execution of the Philippine penal and correctional policies;

- (3) Enforce and execute the laws relating to prisons and prisoners, prescribe standards and promulgate rules and regulations, with the approval of the Ministry Head, governing the administration of national prisons, regional prisons, prison and penal farms, provincial, city and municipal jails;

(4) Approve in accordance with laws and rules prescribed by the Ministry Head, the classification of prisoners including changes of status to colonists, transfer of inmates from one national penal institution, regional prison, or penal farm to another; transfer of sick prisoners to a civilian hospital; visits by prisoners outside of institutions in case of death or illness of immediate members of their families; requests of colonists' families to visit or live with the colonists in any penal farm; allowances and compensation of inmates; forfeiture and remission of good conduct time allowance; and participation of colonists in the proceeds of their products;

- (5) Recommend to the Ministry Head the transfer of prisoners from a national penal institution to a provincial, city or municipal jail, or vice-versa;

(6) Recommend to the Board of Pardons and Parole the grant of parole, pardon or other forms of executive clemency; and

(7) Perform other duties provided by law.

SEC. 361. Superintendent of Regional Prisons, Penal Institutions, Prison and Penal Farms.—Each regional prison, penal institution, prison and penal farm under the Bureau shall be headed by a Superintendent who shall perform within the territorial limits of the penal institution such duties as the Director may assign or require in connection with the custody and rehabilitation of prisoners and the enforcement and implementation of the prison law. All heads of penal institutions, regional prisons, prison and penal farms are authorized to administer oaths.

SEC. 362. Reception and Diagnostic Centers.—(1) There shall be a Reception and Diagnostic Center in the Bureau and in each regional prison which shall receive male prisoners committed to the Bureau by a competent court or authority. The newly-committed prisoner shall remain in the center for a period not exceeding sixty days for orientation on prison rules and regulations, and shall undergo medical, psychiatric and other examinations as may be prescribed by regulations for the purpose of determining his classification and placement.

(2) After initial classification by the technical staff of the center, the prisoner shall be transferred to a suitable institution which may be recommended by the Chief of the Reception and Diagnostic Center and approved by the Director.

SEC. 363. The New Bilibid Prison.—(1) The main prison compound of the New Bilibid Prison at Muntinlupa, Metro Manila, shall be a maximum security institution for dangerous prisoners, recidivists, habitual delinquents and escape risks.

(2) Separate facilities within the New Bilibid Prison Reservation but outside the main compound shall be esta-

blished for special groups of prisoners including but not limited to the following categories:

- (a) Newly-admitted prisoners who are undergoing orientation and initial classification;
- (b) Young prisoners below twenty-one years of age;
- (c) Prisoners classified as medium-custody risks;
- (d) Prisoners with chronic physical or mental ailments; and
- (e) Prisoners classified as minimum-custody risks.

SEC. 364. *Correctional Institution for Women*.—Female national prisoners shall be received and confined only at the Correctional Institution for Women or similar institutions established by law.

SEC. 365. *The Manila Office*.—The Manila Office of the Bureau shall be a place of detention or temporary safe-keeping of any person from the Metro Manila area detained upon legal process, or sentenced prisoners whose cases are on appeal with the higher courts, if not otherwise directed by the Ministry Head.

SEC. 366. *Regional Prisons*.—(1) The Bureau shall have regional prisons in the provinces of Leyte, Pangasinan, Cebu, in Northeastern Mindanao, and in other places to be designated by the President/Prime Minister.

(2) Prisoners with sentences of more than three years but not exceeding ten years shall be committed by the Courts directly to the regional prison nearest their actual places of residence.

(3) The Director may, subject to classification policies, transfer prisoners from other national penal institutions or prison and penal farms to regional prisons.

SEC. 367. *Establishment of Penal Institutions*.—(1) The President/Prime Minister may designate and establish national penal institutions, regional prisons, prison and penal

farms or settlements, and other confinement facilities for prisoners.

(2) The President/Prime Minister may, upon recommendation of the Ministry Head, institute innovations in correctional practices designed to make the treatment regime more conducive to the resocialization of offenders, including work-release programs, home leaves, halfway houses, pre-release programs, with relaxed security measures, and other systems of treatment in semi-liberty.

SEC. 368. *Fishing, Forestry and Mineral Rights.*—(1) The fishing rights in waters along the shore fronting any regional prison, prison and penal farm or settlement for a distance seaward of one and one-quarter statute miles are reserved for the exclusive use of the bureau for the subsistence and maintenance of colonists, inmates, officials and employees, and their families in the said penal farms or prisons, and such pardoned or released colonists as may reside therein.

(2) All forest products within the reservation of any national regional prison, prison and penal farm or settlement are reserved for the use of the Bureau and shall be exempt from licenses or fees levied by any government agency.

(3) All minerals found inside the reservation of any national regional prison, prison and penal farm or settlement are reserved for the exploitation of the Bureau, subject to the rules and regulations prescribed by other agencies concerned.

SEC. 369. *Treatment of Prisoners.*—Prisoners shall be treated humanely. Discipline and order shall be maintained with firmness but with no more restrictions than are necessary for safe custody and well-ordered community life. The treatment of prisoners shall have as its purpose to inculcate in them the will to lead law-abiding and productive lives after their release and to make them fit to do so. The treatment shall emphasize not their exclusion from the community but their continuing part in it.

SEC. 370. *Regulations of the Bureau.*—The regulations of the Bureau shall contain such rules as will best promote discipline in all national prisons and in provincial, city and municipal jails and penal settlements, and will best secure the reformation and safe custody of prisoners of all classes.

SEC. 371. *Segregation of Prisoners.*—(1) The prison regime shall endeavor to classify prisoners to facilitate their treatment for social rehabilitation. As much as possible, separate institutions or sections of an institution shall be used for the segregation of different classes of prisoners.

(2) Prisoners who, by reason of their criminal record or bad character, are likely to exercise a bad influence on others shall be segregated from the general prison population. Young prisoners shall be kept separate from adults, male from female prisoners, and detention prisoners from convicted prisoners.

SEC. 372. *Rehabilitation of Prisoners.*—The prison administration shall employ all appropriate means, including religious care, education, vocational guidance and training, social casework, employment, physical development and strengthening of moral character, to train, correct and reform inmates. The means employed shall be in accordance with the individual needs of each prisoner, considering his social and criminal history, his physical and mental capacity and aptitudes, his personal temperament, the length of his sentence and his prospects after release.

SEC. 373. *Community Participation in Correctional Programs.*—The prison administration shall endeavor to enlist the support of civic, religious, educational, business, and trade groups, and individual citizens in the formulation and implementation of prison welfare programs, including formation of citizens' advisory and trade councils, prisoner aid societies; and the employment of the services of volunteers rendering medical, religious, vocational training, and other direct services to prisoners. Rules and regulations governing the activities of volunteer groups shall be

promulgated by the Director subject to the approval of the Ministry Head.

SEC. 374. *Treatment of Young Prisoners.*—Prisoners who are below twenty-one years shall be kept separate from adult prisoners. The treatment of those young prisoners shall be educative and the purpose shall be to develop awareness of their role in society and their responsibilities to the community, to develop attitudes and habits conducive to psychological growth, and to acquire vocational, academic and social skills vital to their eventual integration into the free community.

SEC. 375. *Treatment of Women Prisoners.*—Convicted female prisoners shall be assigned work suitable to their age and physical condition. Pre-natal care and treatment shall be provided to expectant mothers, and nursing infants shall be allowed to remain with their mothers in prison for a period not exceeding one year.

SEC. 376. *Prison Work and Compensation.*—All convicted prisoners may be required to work, subject to their physical and mental fitness. The Director shall provide vocational training in useful trades, fix the maximum working hours, establish a classification of workmanship, and a system of equitable remuneration. Detention prisoners may be required to police their cells and perform such other work as may be necessary for hygiene or sanitary reasons.

SEC. 377. *Detail.*—The Ministry Head may detail national prisoners to work in any public works, or for any branch of the Government.

SEC. 378. *Pecuniary Aid.*—A prisoner who is killed or injured in the performance of his duties shall be granted financial assistance in accordance with the provisions of existing laws and regulations.

SEC. 379. *Contact with Outside World.*—Prisoners shall be allowed under necessary supervision to communicate with their families and reputable friends at regular in-

tervals, both by correspondence and by receiving visits. Prisoners shall be kept informed regularly of more important items of news by the reading of newspapers and magazines, lectures, radio or television as authorized or controlled by the prison administration. Rules and regulations concerning mail, visits and the prisoner's contact with the outside world shall be promulgated by the Director, with the approval of the Ministry Head.

SEC. 380. *Attorney's Visit.*—The visits of counsel to prisoners shall be governed by the provisions of existing laws and regulations. A place shall be provided within the prison compound where the prisoner and his lawyer can have reasonable privacy but within the sight of prison officers.

SEC. 381. *General Policy on Penal Farm.*—Penal farms under the Bureau shall have as their purpose the rehabilitation of prisoners in an atmosphere similar to that of free society based on trust and self-respect. Penal farms shall be managed with minimum security measures. Discipline shall be relaxed but firm, and emphasis shall be on the development of self-discipline and self-restraint in the prisoner.

SEC. 382. *Assignment to Penal Farm.*—A prisoner classified as medium or minimum security may be transferred to any penal farm under the Bureau in accordance with prisoner classification policies. Preference in assignment to the penal farms shall be given to first offenders with rural backgrounds who are likely to benefit from treatment in agricultural regional penal farms.

SEC. 383. *Penal Colonists.*—A prisoner transferred to a penal farm may, subject to such regulations as may be prescribed, be classified as a penal colonist. A penal colonist may be granted such extraordinary privileges as his conduct, behaviour, habits or industry, length of service or sentence and loyalty may justify, including automatic reduction of sentence to thirty years in the case of prisoners sentenced to life imprisonment and the grant of five days

good conduct time allowance in addition to the regular good conduct time allowance authorized by law for every calendar month that his conduct and work are exemplary.

SEC. 384. *Families of Penal Colonists.*—(1) Penal colonists may, subject to regulations, be allowed to have their wives, children or women to whom they are to be married, transported to the penal farm at government expense and to have their families live in the reservation. The privilege may be revoked at any time by the Superintendent of the penal farm with the approval of the Director. All members of the families of colonists living in the reservation shall be subject to the regulations governing the penal farms.

(2) Families living in the penal farm may secure their subsistence from the general products of the farm until such time as the land cultivated by them shall be sufficiently productive for their support.

SEC. 385. *Clothing and Household Supplies for Colonists' Families.*—In addition to the subsistence authorized for colonists' wives and children, the Superintendent of the prison and penal farm may give to deserving colonists as special reward a reasonable allowance for clothing and ordinary household supplies for their families living in the colony, to be paid out of the regular appropriation for the maintenance of the penal farm. Advances of this character may also be made by way of loan subject to repayment if the financial condition of the colonist at a later date should warrant.

SEC. 386. *Participation of Colonists in Proceeds of Products.*—Products grown, manufactured or otherwise produced by the colonists may be sold under the supervision of the Superintendent and, subject to regulations, the person producing the products may be allowed such part of the proceeds as shall be approved by the Director.

SEC. 387. *Post Exchange.*—Each penal institution, regional prison and farm or settlement may, with the approval of the Director, operate a Post Exchange for the sale of

merchandise to prisoners, colonists, prison officials and employees and their families. The Post Exchange shall be administered in accordance with rules prescribed by the Director and approved by the Ministry Head.

SEC. 388. *Monthly Allowance in Cash.*—Prisoners or colonists occupying positions of special trust may, with the approval of the Director and upon recommendation of the Superintendent, be granted a monthly allowance in cash, the amount to be fixed by regulation, or an equivalent amount of supplies from the Post Exchange to be paid from the regular appropriation for contingent expenses of the penal institution, regional prison or prison and penal farm.

SEC. 389. *Assignment of Land and Implements to Colonists.*—Any prisoner assigned to a penal farm may be provisionally granted a suitable plot of land within the reservation for the purpose of cultivating and improving it, and may be furnished with such tools, implements and agricultural supplies as may be necessary for the proper cultivation of the land.

SEC. 390. *Right of Released Colonist to Remain in the Penal Farm.*—On the expiration of the sentence of any colonist, he may, subject to regulations, be allowed to continue to reside in the reservation and to cultivate land and occupy a house to be designated and selected by the Superintendent of the Colony.

SEC. 391. *Provincial, City and Municipal Jails.*—Every province, city and municipality shall maintain a secure, clean, and healthful jail for the custody and safekeeping of prisoners, of any fugitive from justice, and of persons detained awaiting investigation or trial or transfer to other jails or to a national prison. All expenses incident to the maintenance of the jail shall be borne by the province, city or municipality concerned.

SEC. 392. *Local Jail Administrator.*—The governor of the province or the city or municipal mayor shall be charged with the keeping of the jail, and it shall be his duty to administer it in accordance with law and regulations.

prescribed by the Director. The immediate custody and supervision of the jail may be committed to the care of a warden, in the case of provinces and cities. In the case of municipalities, the station commander or equivalent functionary shall have immediate custody and supervision of the municipal jail.

SEC. 393. Appointment of Wardens and Jail Personnel.—

(1) Provincial Governors or city mayors shall appoint wardens, jail guards and other jail personnel in accordance with civil service law and regulation.

(2) Only personnel who have aptitude for custodial work or those who have undergone the appropriate jail training shall be assigned to duty in provincial, city or municipal jails. In no case shall personnel be assigned to jail duty as a form of punishment or of disciplinary action.

*SEC. 394. General Supervision Over Jails.—*The Director shall exercise general supervision over all provincial, city and municipal jails. He shall:

(1) Set minimum standards of jail administration, including accommodations, personnel, budget, classification, and treatment of prisoners, privileges and work;

(2) Provide consultancy and training services to jail personnel;

(3) Investigate misconduct, irregularity, laxity, inhumanity and escapes, and submit written reports and recommendations to the Ministry Head; and

(4) Inspect the jails and ensure that they are administered in accordance with existing laws and regulations and with a view to bringing about the objectives of penal and correctional services.

*SEC. 395. Visitation and Inspection of Provincial, City and Municipal Jails.—*The judges of the Courts of First Instance and the Circuit Criminal Courts having jurisdiction over the province or city shall, to insure compliance with court decisions, make personal inspection of the

provincial or city jail. They shall also look into its sufficiency for the safekeeping and reformation of prisoners, their proper accommodation and health, and shall inquire into the manner in which jails are kept. For the same purpose, municipal judges shall also conduct periodic inspection of municipal jails. A report of the visitation shall be furnished the Director.

SEC. 396. *Records of Prisoners.*—(1) The warden of the jail shall keep a true and exact record of the prisoners committed to the jail on forms to be prescribed by the Director. All warrants and documents, or attested copies thereof, by which a prisoner is committed or released, shall be regularly indorsed, filed and kept by the warden. The said papers shall be delivered to the successor of the warden having charge of the prisoner.

(2) When a prisoner is confined by virtue of any process directed to the governor, city or municipal mayor, or sheriff, which is required to be returned to the issuing court, the governor, city or municipal mayor or sheriff shall keep a copy of the process together with his action thereon, which copy, duly certified by the governor, city or municipal mayor, or sheriff, shall be presumptive evidence of his right to retain a prisoner in his custody.

(3) The prison records and certified copies of the information and decision of all provincial or city prisoners sentenced to more than one year shall be forwarded by the warden to the Director one month before the prisoners shall have served their minimum sentence or one-half of their definite sentence. If the provincial or city prisoner has a pending criminal case, the warden shall also inform the Director of the number of the case, the offense charged and its status.

SEC. 397. *Allowance for Feeding Prisoners.*—The provincial governor, the city or municipal mayor shall, upon the direction of the provincial board, the city or municipal council or *sanggunian* and at the expense of the province, city or municipality concerned, supply proper food and clothing for the prisoners. The provincial board or

city or municipal council or *sanggunian* may, in its discretion, let the contract for the feeding of the prisoners to some other persons. The allowance to be made by the provincial board, city or municipal council or *sanggunian* for feeding, clothing and other essential needs of prisoners shall be in accordance with the standards prescribed by the Director.

SEC. 398. Movement of Prisoners.—The provincial governor, city or municipal mayor may, upon recommendation of the warden or the station commander in the case of municipalities, allow sentenced prisoners to go on escorted trips outside the jail compound in accordance with law and regulations prescribed by the Director and approved by the Ministry Head. In the case of a prisoner with a pending case or whose sentence is on appeal, prior approval by the court which has jurisdiction over his case is required before the prisoner can be allowed to go out of the jail compound.

SEC. 399. Transfer to Neighboring Jails.—In case there is no jail in any province, city or municipality, or in case the jail is insecure or insufficient for the accommodation of all provincial, city or municipal prisoners, it shall be the duty of the provincial board, city or municipal council or *sanggunian* to make arrangements with the provincial board, city or municipal council or *sanggunian* of some neighboring province, city or municipality for the safe-keeping of the prisoners in the jail of neighboring province, city or municipality. When such an arrangement has been made, it shall be the duty of the officer having custody of the prisoner to commit him to the jail of the said neighboring province, city or municipality and the prisoner shall be detained there with the same legal effect as though confined in the jail of the province, city or municipality where the offense was committed.

SEC. 400. Transfer of Custody.—(1) Where any provincial or city jail is not safely guarded, the President/Prime Minister shall direct the provincial commander of the

province to take custody of the jail and to guard the prisoners therein, using for this purpose members of the Philippine Constabulary or jail guards.

(2) The action shall in no case alter the liability of the province, city or municipality for the expenses incident to the maintenance of prisoners or the keeping, repair and construction of the jail; but the payment and subsistence of the Constabulary guards shall be at the expense of the Constabulary.

SEC. 401. Regional, Provincial or City Jails.—Wherever practicable, two or more provinces or cities may, upon agreement of the provincial board or city councils or *sanggunians* concerned and approved by the Ministry Head, establish a regional jail for the confinement of provincial and city prisoners within the area. Expenses for the maintenance of the regional jails shall be shared among the provinces and cities concerned in accordance with their agreement.

SEC. 402. Municipal Prisoners.—The following are considered municipal prisoners:

(1) Persons detained or sentenced for violation of municipal ordinances;

(2) Persons detained pending trial before municipal courts;

(3) Persons detained by order of a municipal court pending preliminary investigation of the crime charged, until the court shall remand them to the Court of First Instance; and

(4) Persons who by reason of their sentence may be deprived of liberty for not more than six months.

SEC. 403. Provincial Prisoners.—The following persons shall be considered provincial prisoners:

(1) Persons detained pending preliminary investigation before the Court of First Instance; and

(2) Persons who by reason of their sentence may be deprived of liberty for not more than three years or are subjected to a fine of not more than five thousand pesos. If a prisoner receives two or more sentences in the aggregate exceeding the period of three years, he shall be considered a national prisoner.

SEC. 404. *City Prisoners.*—The following persons shall be considered city prisoners:

(1) Persons detained or sentenced for violation of city ordinances;

(2) Persons detained pending trial before city courts;

(3) Persons detained pending preliminary investigation before the Court of First Instance; and

(4) Persons who by reason of their sentence may be deprived of liberty for not more than three years or subjected to a fine of not more than five thousand pesos. If a prisoner receives two or more sentences in the aggregate exceeding the period of three years, he shall be considered a national prisoner.

SEC. 405. *National Prisoners.*—Persons sentenced to a maximum term of imprisonment of more than three years or to a fine of more than five thousand pesos, or both, shall be considered national prisoners. Regardless of the length of sentence imposed by the Court, persons sentenced for violation of the Customs Law or other laws within the jurisdiction of the Bureau of Customs or enforceable by it, and violation of the Immigration Law or the Election Law shall be considered national prisoners.

SEC. 406. *Subsidiary Imprisonment.*—(1) The subsidiary personal liability of all prisoners shall be computed at the rate of ten pesos a day.

(2) In fixing the status of a prisoner, the imposition of subsidiary imprisonment shall not be taken into consideration except when the sentence imposes a fine only.

SEC. 407. *Confinement of Provincial Prisoners in Municipal Jails.*—Provincial boards or *sanggunians* may, with

the approval of the Ministry Head, direct the confinement of persons detained pending preliminary investigation or trial before a judge of a Court of First Instance in the jail of the municipality where the investigation or trial is to be held, if no provincial jail is located therein.

SEC. 408. Confinement of Municipal Prisoners in Provincial Jails.—Provincial boards or *sanggunians* may, with the approval of the Ministry Head, direct the confinement of municipal prisoners in provincial jails when, by reason of the lack, inadequacy, or insecurity of municipal jails such an action becomes necessary, or when in their judgment the confinement would best serve the public interest.

SEC. 409. Expenses of Maintenance.—(1) Except as otherwise specifically provided, and regardless of place of confinement, the expenses of the maintenance of prisoners shall be borne as follows: in the case of a municipal prisoner, by the city or municipality where the offense was committed; in the case of a provincial prisoner, by the province where the offense was committed; in the case of a city prisoner, by the city where the offense was committed; and in the case of a national prisoner, by the Bureau.

(2) In the case of fugitives from justice, expenses shall be paid by the office demanding the custody of the prisoner which shall be reimbursed for the outlay as part of the costs of prosecution.

SEC. 410. Status of Paroled Prisoners.—The provision of law relative to paroles, conditional pardons, and the diminution of sentence for good behavior shall not be construed to change the original status of prisoners or to effect liability for their maintenance.

SEC. 411. Status of Prisoners-Appellants.—Pending an appeal, the status of a prisoner shall not be changed, and whenever upon appeal to, or review by, a higher court the status of a prisoner, as herein-before fixed, shall be changed by an increase or diminution of his sentence, the responsibility of the National Government or the prov-

ince, city, or municipality, for the maintenance of the prisoner due to the change in sentence shall take effect only from the date of judgment of the higher court and shall not be retroactive.

SEC. 412. Transportation Expenses.—(1) All actual and necessary expenses incurred in the transportation, guarding and subsistence of prisoners during transportation from municipal jails, except the expenses of Constabulary escorts, shall be paid from the funds of the municipality concerned.

(2) All actual and necessary expenses incurred in the transportation, guarding and subsistence during transportation of national prisoners from provincial or city jails to a national prison, regional prison, or prison and penal farm, except the expenses of Constabulary escorts, shall be borne by the province or city concerned.

(3) The return transportation of all discharged national prisoners from their place of confinement to their homes shall be paid out of the appropriation for the Bureau, except as otherwise specially provided.

SEC. 413. Transfer of Prisoners.—(1) When the unsanitary or insecure condition of any provincial, city or municipal jail warrants, or when the public interest requires, the Ministry Head may, upon recommendation of the Director, transfer to any national prison or penal institution any of the prisoners committed to that jail, and may also direct the return of the said prisoners to provincial, city or municipal jails when found expedient.

(2) The expenses of transportation, guarding, subsistence, care and maintenance of any prisoner transferred to any national prison or penal institution, or returned to any province, city or municipality for trial or appearance, shall be charged against the treasury of the province, city or municipality from which he was transferred, and the amount of the expenses shall be fixed by the Ministry Head.

SEC. 414. *Transportation and Clothes for Released Prisoners.*—Upon release of a national prisoner, he shall be supplied by the Bureau with transportation to his home, including an amount to cover the probable cost of subsistence enroute and the necessary clothes to be fixed by the Ministry Head upon recommendation of the Director.

CHAPTER 11—*Board of Pardons and Parole*

SEC. 415. *Organization.*—(1) The Board of Pardons and Parole shall be composed of a Chairman and four members.

(2) The Board shall have such staff and operating units as may be provided by law.

SEC. 416. *Qualifications and Appointment.*—(1) One member of the Board shall be a trained sociologist or social worker; one a clergyman or educator; one a psychiatrist or psychologist; and the other member shall be a person qualified by training and experience for the work of the Board. At least one member of the Board shall be a woman.

(2) The Minister of Justice shall be *ex-officio* Chairman of the Board while the four other members shall be appointed by the President/Prime Minister for a term of six years. In case of vacancy in the membership of the Board, a successor shall be appointed to serve only for the unexpired term.

SEC. 417. *Functions.*—The Board shall:

(1) Be responsible for granting parole and for recommending to the President/Prime Minister upon the latter's request, the grant of any form of executive clemency to deserving prisoners or individuals;

(2) Look into the physical, mental and moral record of the prisoners who shall be eligible for parole and determine the proper time of their release. Whenever any prisoner shall have served the minimum penalty imposed on him,

and it shall appear to the Board from the reports of the prisoners' work and conduct, and the study and investigation made by the Board itself, that the prisoner is fit by his training for release, that there is a reasonable probability that the prisoner will live and remain at liberty without violating the law, and that the release will not be incompatible with the welfare of society, the Board may authorize the release of the prisoner upon such terms and conditions as are prescribed by law or by the Board;

(3) Examine, upon request of the President/Prime Minister, the records of prisoners and submit recommendations to the President/Prime Minister with regard to the pardon, commutation of sentence, or other form of executive clemency. The Board shall take into consideration the crime committed, the probability that the prisoner may again violate the law, his conduct while in prison and, in case of an individual seeking absolute pardon, his activities and behavior in the community since his release from prison or conviction, and other relevant matters;

(4) Supervise or cause the supervision of parolees and pardonees released subject to parole condition;

(5) Act on all matters pertaining to parolees and pardonees, such as transfer of residence, final release and discharge, violations of parole, and allied matters; and

(6) Perform other functions provided by law, or which the President/Prime Minister may direct regarding prisoners or individuals seeking or granted any form of executive clemency.

TITLE IV—MINISTRY OF AGRICULTURE

CHAPTER 1—General Provisions

SEC. 418. *Declaration of Policy.*—The Government shall promote and maintain increased production of agricultural

crops, livestock and poultry industries through the maximum utilization of the factors of production to ensure self-sufficiency in food; encourage the diversification and expansion of agricultural exports; and promote agri-business development.

SEC. 419. *Organization.*—(1) The Ministry of Agriculture, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Agriculture who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular services provided in Chapter 3 of Book IV of this Code, the Ministry shall have a Computer Service Center and an Agrarian Reform Unit.

(3) The Bureau of Agricultural Economics, the Bureau of Agricultural Extension, the Bureau of Animal Industry, the Bureau of Plant Industry, and the Bureau of Soils shall be under the supervision and control of the Ministry. They shall each be organized in accordance with Chapter 4 of Book IV of this Code, and shall have staff and operating units provided by law.

(4) The Ministry shall have regional and other field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code. Each of these regional offices may operate and maintain demonstration stations and other similar stations and facilities except those which the Minister of Agriculture may determine as national in nature and, in which case, assign them to the bureau concerned for operation and maintenance.

(5) The National Food and Agriculture Council, the National Meat Inspection Commission, the Green Revolution Expanded Program Action Committee, the National Artificial Rain Stimulation Committee, and the Livestock Development Council shall be under the administrative supervision of the Ministry.

(6) The National Grains Authority, the Philippine Tobacco Administration, the Philippine Virginia Tobacco Administration, the Philippine Cotton Corporation, the Coconut Investment Company, the Fertilizer and Pesticides Authority, the Abaca Industry Development Authority, the Philippine Virginia Tobacco Board, the Presidential Committee on Agricultural Credit, the Philippine Agricultural Training Council, the Palayan ng Bayan National Advisory Council, and the National Governing Board of the Philippine Training Centers for Rural Development shall be attached to the Ministry.

SEC. 420. Functions.—The Ministry shall:

- (1) Provide advice, assistance and guidelines on matters affecting food production and attainment of the well-being on the farms and rural areas;
- (2) Undertake the development of agriculture for increased productivity and higher farm incomes; and
- (3) Perform other functions provided by law.

SEC. 421. Functions of Services.—(1) The Computer Service Center shall provide the Ministry, bureaus, corporations and other agencies attached to it or under its administrative supervision with economical, efficient and effective services relating to agricultural economic data processing.

- (2) The Agrarian Reform Unit shall coordinate the work of the Ministry with that of the Ministry of Agrarian Reform in the areas of agricultural extension, soil conservation and classification; assist the Minister in the formulation of policies and guidelines in orienting agricultural development towards the effective attainment of agrarian reform; and conduct studies and initiate activities and plans for the harmonious and effective execution of projects related to agrarian reform.

CHAPTER 2—Bureau of Agricultural Economics

SEC. 422. *Functions.*—The Bureau of Agricultural Economics shall:

- (1) Assist the Ministry in the formulation of policies and programs;
- (2) Be responsible for the collection, compilation and dissemination of agricultural statistics, and provide adequate and reliable data and information on all aspects of agriculture;
- (3) Collect primary data on agricultural crops, livestock, livestock products and poultry by region, province, municipality, and barangay;
- (4) Collect selected primary data on natural resources in coordination with the Ministry of Natural Resources by region, province, municipality, and barangay;
- (5) Undertake researches and studies on the economics of farm production, agricultural marketing and rural welfare;
- (6) Extend technical guidance to farmers through publication and dissemination of useful economic information such as periodic forecasts of production of cereals and other major farm products and annual estimates of agricultural production of crops, livestock, and poultry; and
- (7) Perform other functions provided by law.

CHAPTER 3—Bureau of Agricultural Extension

SEC. 423. *Functions.*—The Bureau of Agricultural Extension shall:

- (1) Assist the Ministry in the formulation of policies and programs;
- (2) Provide technical supervision to the regional offices of the Ministry;

- (3) Develop comprehensive agricultural extension programs relating to crop production, poultry and livestock on farms, farm organizations, farm credits, home economics and family life, home industries, rural youth development, and extension information and establish guidelines for their implementation;
- (4) Provide policies and guidelines in the exercise of supervision by the Ministry over provincial, city and municipal agricultural extension services, including demonstration stations;
- (5) Strengthen agricultural extension services through the development of effective extension and communication methods and approaches in planning and implementing extension programs;
- (6) Coordinate with the Ministry of Agrarian Reform in planning the extension services to be provided in areas under agrarian reform; and
- (7) Perform other functions provided by law.

CHAPTER 4—*Bureau of Animal Industry*

SEC. 424. *Functions.*—The Bureau of Animal Industry shall:

- (1) Assist the Ministry in the formulation of policies and programs;
- (2) Provide technical supervision to the regional offices of the Ministry;
- (3) Prepare an overall livestock, poultry and dairy development program for increased animal protein food production and establish guidelines for its implementation;
- (4) Improve the quality of domestic animals through the implementation of a research program on natural and artificial breeding;

- (5) Conduct studies, researches and investigations on the different aspects of the causes, prevention, control, and eradication of animal diseases;
- (6) Establish and maintain experiment stations and other similar facilities in accordance with Paragraph 4, Section 419, Chapter 1 of this Title;
- (7) Promulgate, subject to the approval of the Minister, quarantine rules and regulations to prevent, control and eradicate dangerous communicable animal diseases;
- (8) Provide guidelines in the administration of veterinary public health services;
- (9) Collect and compile statistics on domestic animals and disseminate useful information on all essential matters regarding domestic animals; and
- (10) Perform other functions provided by law.

CHAPTER 5—Bureau of Plant Industry

SEC. 425. *Functions.*—The Bureau of Plant Industry shall:

- (1) Assist the Ministry in the formulation of policies and programs;
- (2) Provide technical supervision to the regional offices of the Ministry;
- (3) Conduct research on and develop methods of efficient production, storage, distribution, utilization, and handling of agricultural products;
- (4) Select, breed and introduce improved seeds, plants and plant materials;
- (5) Provide policies and rules and regulations on the prevention, control and eradication of pests and diseases injurious to plants and plant products;
- (6) Establish and maintain experiment stations and other similar facilities in accordance with Paragraph 4, Section 419, Chapter 1 of this Title; and
- (7) Perform other functions provided by law.

SEC. 426. *Importation of Plants and Plant Products.*—Subject to such special quarantine orders, rules and regulations as may be promulgated by the Director, with the approval of the Minister of Agriculture, it is prohibited to import or introduce into the Philippines, plants, plant products, soil or packing materials of plants capable of harboring plant pests or being a source or medium of infection or infestation of plants by pests.

SEC. 427. *Importation of Potential Animal Pests.*—The importation of certain species of animals which are liable to become agricultural crop pests and capable of causing injury to agricultural crops is hereby prohibited, except in limited quantities for justifiable purposes and upon written permission from the Director.

SEC. 428. *Plants, Plant Products, and other Materials in Transit.*—Commodities mentioned under the next two preceding sections, including food provisions and ornaments on board carriers that are in transit, shall be required to get a clearance from the Plant Quarantine Officer assigned at the port concerned.

SEC. 429. *Exportation of Plants and Plant Products.*—The Director or the Plant Quarantine Officer shall cause the inspection and certification of all plants, plant products and other related materials for exportation, capable of harboring plant pests, if the importing country so requires.

SEC. 430. *Inspection of Plants, Plant Products, Potential Animal Pests, and other Materials.*—The Director shall cause the appropriate inspection of the commodities mentioned in the next four preceding sections and apply the necessary plant quarantine measures in order to attain the objectives of this Chapter.

SEC. 431. *Domestic Quarantine of Plants and Plant Products.*—In order to prevent and arrest the spread to other areas of injurious plant pests existing in certain localities within the Philippines, the Director or the Plant Quarantine Officer shall cause the inspection, treatment and certification

of plants and plant products involved in movement from one locality to another within the country.

SEC. 432. Appointment of Plant Quarantine Officers.—The Minister shall, upon recommendation of the Director, appoint Plant Quarantine Officers to act as his representatives in implementing and enforcing the provisions of this Chapter.

SEC. 433. Powers and Duties of Plant Quarantine Officers.—The Plant Quarantine Officers shall have authority to:

- (1) Inspect all carriers,, passengers, crew, luggage and incoming mails to determine the presence of plants, plant products and other materials capable of harboring plant pests as well as potential animal pests;
- (2) Enter into and inspect any and all areas where plants, plant products and other materials capable of harboring plant pests are landed, stored or grown;
- (3) Examine imported plants, plant products, and other materials capable of harboring plant pests as well as potential animal pests and to administer necessary measures to insure effective implementation of the provisions of this Chapter;
- (4) Inspect, administer treatment and certify plants, plant products and other related materials intended for export, if the importing country so requires;
- (5) Confiscate and destroy or refuse entry of plants, plant products and potential animal pests involved in prohibited importations and to deny inspection certification or clearance of the same; and
- (6) Perform other related duties assigned to him by law.

SEC. 434. Non-Liability Clause.—(1) All charges for storage, demurrage, cartage, labor and delays incident to inspection, cost of disinfection or disinfestation and other post-entry requirements shall be paid by the importer or exporter as the case may be.

duly registered relief organizations or any charitable institutions certified by the Ministry of Social Services and Development, embassies of foreign governments, and those that may be declared by the President/Prime Minister, upon the recommendation of the National Economic and Development Authority, in the interest of economic development, are exempt from payment of the fees herein prescribed excluding, however, the expense incurred in commodity treatment.

SEC. 438. Overtime Services.—The services of Plant Quarantine Officers, fumigators and helpers performed outside office hours and reimbursement of meal, transportation, lodging and other incidental expenses shall be chargeable to the party or parties served at the rates to be prescribed by the Minister of Agriculture upon recommendation of the Director.

SEC. 439. Cooperating Agencies.—The Director may call upon other government agencies in the implementation of plant quarantine regulations and dissemination of information to the general public.

SEC. 440. Special Quarantine Orders, Rules and Regulations.—Special quarantine orders, rules and regulations shall, with the approval of the Minister of Agriculture, be promulgated by the Director in order to carry out and implement the provisions of this Chapter.

SEC. 441. Quasi-judicial Authority.—(1) The Director, after proper hearing, is hereby empowered to impose administrative fines for the violation of and non-compliance with quarantine orders, rules and regulations promulgated in accordance with this Chapter.

(2) The decision of the Director under this section is appealable to the Minister of Agriculture whose decision shall be final.

SEC. 442. Plant Quarantine Board.—For the purpose of carrying out the provisions of this Chapter, there shall be a Plant Quarantine Board which shall be composed of

the Director of Plant Industry as Chairman; and the Commissioner of Customs, the General Manager of the Philippine Ports Authority, the Director of Quarantine, the Director of Animal Industry, the Postmaster General, the Administrator of the Philippine Coconut Authority, and the Director of Forest Development or their representatives, the Legal Officer, the Chief of the Plant Quarantine Section and the Chief of the Crop Protection Division of the Bureau of Plant Industry, and the representatives each of the National Economic and Development Authority, the Central Bank of the Philippines, and the Importers' and Exporters' Confederation, as members.

SEC. 443. Duties of the Board.—The Plant Quarantine Board shall act as the advisory body to assist the Director of Plant Industry in formulating orders, rules and regulations for the effective implementation of the provisions of this Chapter.

SEC. 444. Board Meeting.—The Board shall meet once every quarter or may call special meetings when necessary, provided that such special meetings shall not be held more than four times annually.

SEC. 445. Quorum.—A majority of the members of the Board shall constitute a quorum.

CHAPTER 6—*Bureau of Soils*

SEC. 446. Functions.—The Bureau of Soils shall:

- (1) Assist the Ministry in the formulation of policies and programs;
- (2) Provide technical supervision to the regional offices of the Ministry;
- (3) Classify Philippine soils in accordance with acceptable taxonomic schemes, and develop measures and recommendations for their protection and management;

- (4) Develop measures for effective soil utilization and conservation of croplands, pasturelands, woodlands, wildlife and other areas;
- (5) Formulate policies and rules and regulations for the supervision, regulation and control of the establishment and operations of all soil laboratories in the country;
- (6) Provide guidelines for the establishment and maintenance of demonstration stations;
- (7) Coordinate with the Ministry of Agrarian Reform, the Ministry of Human Settlements, and other concerned agencies in the selection of lands for settlement and resettlement purposes and prepare the necessary plans for the provision of technical assistance in solving soil problems in said areas; and
- (8) Perform other functions provided by law.

CHAPTER 7—*Miscellaneous Provisions*

SEC. 447. Agencies Attached to or Under Administrative Supervision.—The agencies attached to, or under the administrative supervision of, the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE V—MINISTRY OF PUBLIC WORKS, TRANSPORTATION AND COMMUNICATIONS

CHAPTER 1—*General Provisions*

SEC. 448. Declaration of Policy.—The Government shall construct and maintain infrastructure facilities which can adequately support sustained development efforts and economic growth and, for this purpose, all governmental functions pertaining to the planning, programming, pro-

duction, operation, regulation, and maintenance of infrastructure facilities and services on public works, transportation and communications shall be integrated by and consolidated in one agency.

SEC. 449. *Organization.*—(1) The Ministry of Public Works, Transportation and Communications, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Public Works, Transportation and Communications who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular services and operating units, the Ministry shall have a Project Management Information System Service, an Infrastructure Computer Center and a Building Research and Development Staff.

SEC. 450. *Functions.*—(1) The Ministry shall establish a dependable and integrated network of transportation and telecommunications systems, adequate water supply, extensive irrigation facilities, civil works for harnessing water resources, river control and shore protection, adequate government housing facilities, and related public works; and perform other functions provided by law.

(2) The Ministry shall formulate and develop plans and programs on nationwide infrastructure and physical base to support sustained development effort and economic growth.

SEC. 451. *Functions of Services.*—

(1) The *Project Management Information System Service* shall be responsible for the design and maintenance of a network of information, flow and the monitoring, and evaluation of progress reports.

(2) The *Infrastructure Computer Center* shall operate electronic data processing equipment facilities; provide computer and related service for the Ministry, its bureaus and attached or affiliated agencies on a time-sharing basis, and supervise, monitor and review the operations of computer installations in the community infrastructure program.

(3) The *Building Research and Development Staff* shall undertake continuing research and development of building systems through appropriate designs, materials and methods of construction for buildings, including low-cost school buildings, health centers, and other buildings; promote and encourage the use of indigenous materials and technology; develop and recommend suitable guidelines, standards, specifications, rules and regulations for the effective implementation of the provisions of the National Building Code; and assist the Minister in the management of government buildings.

SEC. 452. *Agencies Under the Ministry.*—(1) The Bureau of Public Works, Bureau of Transportation, Bureau of Posts, Bureau of Telecommunications and the Telecommunications Control Bureau shall be under the supervision and control of the Ministry; *Provided*, however, That pending the activation of the Bureau of Transportation, the Land Transportation Commission and the Civil Aeronautics Administration shall continue to operate under their respective present organizations with the same functions.

(2) The Board of Transportation, the Board of Communications, the National Water Resources Council and the Pasig River Development Council shall be under the administrative supervision of the Ministry.

(3) The National Irrigation Administration, Farm Systems Development Corporation, Metro Manila Flood Control and Drainage Council, Metropolitan Waterworks and Sewerage System, Local Water Utilities Administration, Metro Manila Transit Corporation, Philippine National Railways, Communications and Electricity Development Authority, Central Luzon-Cagayan Valley Authority, Philippine Aerospace Development Corporation, Maritime Industry Authority, Philippine Ports Authority, Lungsod Silangan Project Implementation Office and Cotabato-Agusan River Basin Program Office shall be attached to the Ministry.

CHAPTER 2—Bureau of Public Works

SEC. 453. *Organization.*—(1) The Bureau of Public Works shall be organized in accordance with Chapter 4 of Book IV of this Code.

(2) The Bureau shall have regional and field offices which shall be organized in accordance with pertinent provisions of Chapter 5 of Book IV of the Code and perform such functions as are provided by law or delegated by the Bureau Director.

SEC. 454. *Functions.*—The Bureau shall:

(1) Formulate and develop plans and programs on the construction, maintenance and repair of public works projects;

(2) Construct, maintain and repair portworks, flood control and drainage works, harbor facilities, waterwork facilities, environmental facilities, lighthouses, maritime navigational aids, shore protection works, airport buildings and facilities, public and school buildings, monuments and other related structures;

(3) Dredge rivers, lakes and harbors;

(4) Reclaim foreshore and swampland areas;

(5) Develop wells and springs;

(6) Operate equipment depots, shop laboratories and quarries;

(7) Investigate and plan water resources;

(8) Inspect, control and supervise works for the use of water; and investigate obstructions or encroachments into any other public navigable water or waterways; and

(9) Perform other functions provided by law.

CHAPTER 3—Bureau of Transportation

SEC. 455. *Organization.*—(1) The Bureau of Transportation shall be organized in accordance with Chapter 4 of Book IV of this Code.

(2) The Bureau shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Bureau Director.

SEC. 456. *Functions.*—The Bureau shall:

- (1) Implement and enforce policies, laws, rules and regulations on land transportation;
- (2) Maintain and operate international and domestic airports, air navigation facilities, including equipment sheds, antenna systems and other accessories and auxiliaries that are integral part of air navigation facilities;
- (3) Undertake economic studies for the development of national transport system and policy; and
- (4) Perform other functions provided by law.

CHAPTER 4—Bureau of Posts

SEC. 457. *Organization.*—(1) The Bureau of Posts shall be headed by a Postmaster General who shall be assisted by an Assistant Postmaster General and shall be organized in accordance with Chapter 4 of Book IV of this Code.

(2) The Bureau shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Postmaster General.

SEC. 458. *Functions.*—The Bureau shall:

- (1) Establish, operate and maintain post offices, and postal and money order services which shall be responsive to present and future needs of the country and consistent with modern trends;
- (2) Exercise, with the approval of the Ministry Head and in the interest of the public service, exclusive authority to discontinue post offices and branches thereof, and to establish, operate and maintain rural free mail delivery and rural money order; and
- (3) Perform other functions provided by law.

CHAPTER 5—*Bureau of Telecommunications*

SEC. 459. *Organization.*—(1) The Bureau of Telecommunications shall be organized in accordance with Chapter 4 of Book IV of this Code.

(2) The Bureau shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code, and perform such functions as are provided by law or delegated by the Bureau Director.

SEC. 460. *Functions.*—The Bureau shall:

(1) Formulate and develop plans and programs on the establishment, management and operation of telecommunications;

(2) Establish, operate and maintain nationwide telecommunications facilities and services, including a telephone system for government offices and agencies in areas without those facilities;

(3) Provide special telephone facilities for domestic and international requirements of the government;

(4) Provide, maintain and develop telecommunications networks to serve the government and the private operators engaged in telecommunications services;

(5) Provide telegraphic transfer services;

(6) Subject to the approval of the Ministry Head, negotiate telegraph and radio conventions or treaties with foreign countries; and

(7) Perform other functions provided by law.

CHAPTER 6—*Telecommunications Control Bureau*

SEC. 461. *Organization.*—(1) The Telecommunications Control Bureau shall be organized in accordance with Chapter 4 of Book IV of this Code.

(2) The Bureau shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Bureau Director.

SEC. 462. *Functions.*—The Bureau shall:

- (1) Formulate and develop plans and programs on the supervision and registration of radio operators, radio transmitters and transceivers;
- (2) Supervise and inspect the operations of radio stations and telecommunications facilities;
- (3) Examine and issue licenses to radio operators;
- (4) Register radio transmitters and transceivers;
- (5) Administer and enforce rules, regulations, standards, and specifications that may be established, fixed or prescribed by the Board of Communications in all cases related to the issuance of certificate of public convenience; and
- (6) Perform other functions provided by law.

CHAPTER 7—*The Board of Transportation and the Board of Communications*

SEC. 463. *Specialized Regulatory Boards.*—The Board of Transportation and the Board of Communications shall supervise and regulate public transports, communications, and other related public utilities.

SEC. 464. *Organization.*—The Board of Communications and each of the two divisions of the Board of Transportation shall be composed of a full-time Chairman, two full-time members and two *ex-officio* members. The Chairman and full-time members of each of the boards shall serve for six years. Of the two full-time members first appointed, one shall serve for four years and the other for two years.

SEC. 465. *Divisions of the Board of Transportation.*—
(1) The Board of Transportation shall be composed of two divisions: the Land Transportation Division and the Water Transportation Division. The full-time Chairman and one of the full-time members shall sit in both Divisions of the Board. In addition, each Board shall have the following members:

(a) The Land Transportation Division—one full-time member who shall be competent in all aspects of land transportation, and the Assistant Director for land transportation of the Bureau of Transportation and the Director of the Bureau of Domestic Trade under the Ministry of Trade as *ex officio* members.

(b) The Water Transportation Division—one full-time member who shall be competent in all aspects of water transportation, and the Administrator of the Maritime Industry Authority and the Director of the Bureau of Foreign Trade under the Ministry of Trade as *ex officio* members.

(2) Decisions of each Division shall be considered as decisions of the Board.

SEC. 466. *Functions.*—The Board of Transportation shall:

(1) Issue certificates of public convenience for the operation of public land and water transportation utilities and services such as motor vehicles, railroad lines, domestic and overseas water carriers, and other similar public utilities;

(2) Establish, prescribe and regulate routes, zones and areas of operation of particular operators of public land and water service transports;

(3) Determine, fix or prescribe fares, charges or rates pertinent to the operation of public land and water transportation facilities and services, except where fares, charges or rates are established by international bodies or organizations of which the Philippines is a member, or by other bodies recognized by the Philippines as proper arbiters of those fares, charges or rates;

(4) Establish, fix or prescribe rules, regulations, standards and specifications in all cases relating to the issuance of certificates of public convenience for land and water transportation facilities; and administer and enforce them through the appropriate police or enforcement agencies of the Government particularly the Bureau of Transportation;

(5) Grant or withhold authority for the travel of civil or non-military foreign vessels through or within the Philippines;

(6) Require operators of public land and water transportation utilities to equip, install and provide in those utilities and in their stations such devices, equipment, facilities and operating procedures and techniques to promote or insure the highest degree of safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within the areas of operations;

(7) Coordinate and cooperate with other government agencies or entities involved in land and water transportation to improve the transportation service in the country; and

(8) Perform other functions provided by law.

SEC. 467. *The Board of Communications.*—The Board of Communications shall be composed of a full-time Chairman, two full-time members, preferably one of whom shall be a lawyer and the other an economist, and the Director of the Telecommunications Control Bureau and a senior representative of the Institute of Mass Communications of the University of the Philippines, as *ex officio* members.

SEC. 468. *Functions.*—The Board of Communications shall:

(1) Issue certificates of public convenience for the operation of communications utilities and services, radio communications systems, wire or wireless telephone or telegraph systems, radio and television broadcasting systems and other similar public utilities;

(2) Establish, prescribe and regulate routes, zones and areas of operation of particular operators of public service communications;

(3) Determine, fix or prescribe charges or rates for the operation of communications facilities and services, except where the charges or rates are fixed by international bodies, organizations or associations recognized by the Philippines;

(4) Grant permits for the use of radio frequencies for wireless telephone and telegraph systems, radio communications systems and radio and television broadcasting systems, including amateur radio stations;

(5) Suballocate series or frequencies of bonds allocated by the International Telecommunications Union to the specified services;

(6) Establish, fix or prescribe rules, regulations, standards, and specifications in all cases relating to the issuance of the certificate of public convenience, and administer and enforce them through the Telecommunications Control Bureau;

(7) Require any operator of any public communications utilities to equip, install and provide in the utilities and in their stations such devices, equipment, facilities and operating procedures and techniques to promote or insure the highest degree of safety, protection, comfort and convenience to persons and property within their areas of operations;

(8) Coordinate and cooperate with other government agencies or entities performing related functions to improve the communications service in the country;

(9) Promulgate rules and regulations which would encourage a larger and more effective use of communications, radio and television broadcasting facilities, and allow competition in these activities; and

(10) Perform other functions provided by law.

SEC. 469. *Appeals.*—Ratings and decisions of the Regulatory Boards shall be appealable in the manner provided by law.

CHAPTER 8—Miscellaneous Provisions

SEC. 470. *Agencies Under Administrative Supervision and Attached Agencies.*—The National Water Resources Council, the Pasig River Development Council, and the

agencies attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE VI—MINISTRY OF EDUCATION AND CULTURE

CHAPTER 1—*General Provisions*

SEC. 471. *Declaration of Policy.*—(1) All educational institutions shall aim to inculcate love of country, teach the duties of citizenship and develop moral character, personal discipline, scientific, technological, and vocational efficiency.

(2) The State shall maintain a system of free public elementary education and, in areas where finances permit, establish and maintain a free public education at least up to secondary level.

(3) All institutions of higher learning shall enjoy academic freedom.

(4) At the option expressed in writing by parents or guardians, and without cost to them and the Government, religion shall be taught to their children or wards in public elementary and high schools as may be provided by law.

(5) In pursuance of the above policy:

(a) A broad general education shall be maintained to assist each individual to develop his potential, enhance the quality of citizen participation in the basic functions of society, and promote the training of skilled manpower;

(b) A framework of educational planning, programming, and evaluation shall be established to make the educational system more responsive to the changing needs of a developing nation;

(c) Provisions for technical, vocational, and non-formal education and retraining programs shall be given high priority to meet current and future needs for trained manpower;

(d) Higher education, including science and technological training and teacher education, shall be restructured and strengthened through a planned system of incentives and assistance to both public and private colleges and universities and a synchronization of curricular programs, staffing patterns and institutional development activities; and

(e) No state college or university shall be established or created without rational planning, study, and recommendation by the National Board of Education.

CHAPTER 2—*National Board of Education*

SEC. 472. Organization—(1) The National Board of Education (NBE) shall be composed of the Minister of Education and Culture as Chairman; and the Minister of Economic Planning, the Minister of the Budget, the President of the University of the Philippines, the Chairman of the National Science Development Board, the Deputy Minister of the Ministry of Education and Culture as ex-officio members; and three prominent citizens appointed by the President/Prime Minister, one to represent non-governmental educational institutions, as members. The appointed members of the NBE shall serve part-time for a term of six years. The directors of the Bureaus of Elementary Education, Secondary Education, and Higher Education shall sit in the Board as non-voting members.

SEC. 473. Functions.—The NBE shall be responsible for formulating general education objectives and adopting long-range education plans.

SEC. 474. Staff and Secretariat Services.—The necessary staff assistance and secretariat services as may be required by the National Board of Education shall be

provided by the Planning Service of the Ministry of Education and Culture.

CHAPTER 3—*Board of Higher Education*

SEC. 475. *Organization.*—The Board of Higher Education (BHE) shall be composed of the Deputy Minister of Education and Culture as Chairman and a representative of chartered state universities and colleges, a representative of an educational accrediting association, and two prominent leaders in higher education, at least one of whom shall represent non-governmental institutions of higher learning, as members.

SEC. 476. *Appointments.*—The part-time members shall be appointed by the President/Prime Minister and shall serve for a term of six years. The Director of the Bureau of Higher Education shall sit in the BHE as a non-voting member.

SEC. 477. *Functions.*—The Board of Higher Education shall assist the National Board of Education in the formulation of policies, programs and objectives on higher education.

SEC. 478. *Staff and Secretariat Services.*—The necessary staff assistance and secretariat services as may be required by the Board of Higher Education, shall be provided by the Bureau of Higher Education.

CHAPTER 4—*Ministry Proper*

SEC. 479. *Organization.*—(1) The Ministry of Education and Culture, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Education and Culture who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular staff and operating units, the Ministry shall have an Information and Publication Service which shall develop a Ministry-wide information and textbook production program.

(3) In addition to the services, the Ministry shall have a National Education Testing Center, a National Scholarship Center and a Research and Development Center for Teacher Education as well as a School Health and Nutrition Center and a National Educational Loan Assistance Center.

(4) The Bureau of Elementary Education, Bureau of Secondary Education, Bureau of Higher Education, National Library, and the National Museum, which shall be organized in accordance with Chapter 4 of Book IV of this Code and the Institute of National Language, National Historical Institute, and the National Institute of Arts and Letters, shall be under the supervision and control of the Ministry.

(5) The Ministry shall have regional offices and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

(6) The Textbook Board shall be under the administrative supervision of the Ministry.

(7) The Board of Censors for Motion Pictures, the Educational Assistance Policy Council and the Music Promotion Foundation of the Philippines shall be attached to the Ministry.

(8) The chartered state colleges and universities shall be under the general supervision of the Ministry.

SEC. 480. *Functions.*—The Ministry shall:

(1) Plan, develop and implement programs on education and culture based on general education objectives and policies formulated by the National Board of Education;

(2) Coordinate the activities and functions of all educational institutions and the various cultural offices and agencies under it;

- (3) Set up general goals of accomplishments for the entire school system and all educational institutions;
- (4) Administer the public school system;
- (5) Coordinate and work with agencies concerned with the educational and cultural development of the national cultural communities; and
- (6) Perform other functions provided by law.

CHAPTER 5—Bureau of Elementary Education

SEC. 481. *Functions.*—The Bureau shall:

- (1) Conduct studies and formulate, develop and evaluate programs and educational standards for pre-elementary and elementary education;
- (2) Undertake curricular designs and prepare instructional materials on pre-elementary and elementary education;
- (3) Formulate guidelines to improve elementary school physical plants and equipment;
- (4) Coordinate with the Planning Service of the Ministry and the elementary level specialists in the regional and other field offices; and
- (5) Perform other functions provided by law.

CHAPTER 6—Bureau of Secondary Education

SEC. 482. *Functions.*—The Bureau shall:

- (1) Conduct studies and formulate, develop and evaluate programs and educational standards for secondary and adult education;
- (2) Undertake curricular designs and prepare instructional materials for secondary and adult education;
- (3) Prepare and evaluate programs to upgrade the quality of the teaching and non-teaching staff at the secondary level;

- (4) Formulate guidelines to improve the secondary school physical plants and equipment;
- (5) Coordinate with the Planning Service of the Ministry and the secondary level specialists in the regional and other field offices; and
- (6) Perform other functions provided by law.

CHAPTER 7—*Bureau of Higher Education*

SEC. 483. Functions.—The Bureau shall:

- (1) Develop, formulate and evaluate programs for higher education and establish standards for all private universities, colleges and other post-secondary institutions of learning;
- (2) Provide technical assistance to encourage institutional development programs and projects;
- (3) Compile data on higher education;
- (4) Coordinate with the Planning Service of the Ministry and the higher education specialists in the regional and other field offices; and
- (5) Perform other functions provided by law.

CHAPTER 8—*National Library*

SEC. 484. Organization.—(1) The National Library shall be headed by a Director who shall be assisted by an Assistant Director.

SEC. 485. Functions.—The Library shall:

- (1) Provide leadership in the establishment and use of all libraries;
- (2) Preserve all libraries, books and library materials or equipment belonging to it or entrusted to its custody;

- (3) Acquire by purchase, loan, exchange or gift, libraries, books or other library materials;
- (4) Furnish adequate reading and library facilities to the public and, if available, to local subdivisions under rules governing the establishment, administration and closure of extension libraries;
- (5) Supervise the public use for maximum utilization of its facilities and materials;
- (6) Acquire, organize, preserve and administer the collection of brochures, souvenir programs, photographs, maps, geographical charts and other library materials which, by reason of their commemorative value, should be permanently preserved as a memento of, and out of veneration for, the great men and women and heroes of the country, and for the benefit and in the interest of national history and culture;
- (7) Prepare, maintain and update a Philippine National bibliography and catalogues;
- (8) Print, publish, microfilm and copy-print books, pamphlets, bibliographic catalogues, manuscripts, monographs, historical materials, or any social science or deserving humanistic work;
- (9) Organize a system of filing, distributing and exchanging publications with foreign countries or institutions on the basis of reciprocity;
- (10) Implement the copyright law and register copyright claims;
- (11) Receive donations, devices, bequests, and accept other gifts or gratuitous transfers of property, money, books, and other objects for the use of the library or in the furtherance of its functions; and
- (12) Perform other functions provided by law.

SEC. 486. *Data and Documents to be Supplied to the National Library.*—(1) All Ministries, bureaus, offices,

agencies, instrumentalities, subdivisions and other branches of the Government shall furnish the National Library without charge, with all data or information needed in the performance of its functions.

(2) All printers and publishers shall furnish the National Library without charge, with at least two copies of each book, newspaper or pamphlet printed or published by them which are formally copyrighted under the law.

CHAPTER 9—*National Museum*

SEC. 487. *Functions.*—The Museum shall:

(1) Formulate and implement plans and programs on research, collection, maintenance and care, systematic study, exchange and exhibition of scientific specimens and cultural objects;

(2) Undertake systematic and related studies in botany, zoology, geology, paleontology, anthropology and archeology to determine the national history and culture of the country, and publish the results of its studies;

(3) Gather, identify, evaluate, classify, catalogue specimens, conduct basic researches and maintain a Philippine national reference collection on all the above branches of knowledge;

(4) Maintain a Philippine herbarium which shall contain botanical specimens of the flora of the country;

(5) Enforce the law on the registration and regulation of the exportation of antiques and other materials of scientific, cultural and historical values, and preserve and protect cultural properties;

(6) Prepare, print or publish pamphlets, manuscripts, and monographs on scientific or cultural works;

(7) Acquire by purchase, exchange or donation, museum specimens, antiques and relics of scientific and historical

significance, and objects of artistic value such as sculpture, engravings, models and other collections of exhibition items;

(8) Coordinate and cooperate with other government agencies and civic organizations undertaking functions related to any cultural research; and

(9) Perform other functions provided by law.

CHAPTER 10—Institute of National Language

SEC. 488. Organization.—(1) The Institute of National Language (INL) shall be composed of a Chairman and six members who must have demonstrated competence in linguistics, each to represent a different linguistic group of the Philippines. The Chairman shall also be the full-time director who shall be assisted by an assistant executive director. The six members shall serve part-time for a term of six years.

(2) The INL shall have staff and operating units provided by law.

SEC. 489. Appointment.—The Chairman and Executive Director, the Assistant Executive Director and the six members shall be appointed by the President/Prime Minister.

SEC. 490. Functions.—The INL shall:

(1) Implement a continuing program of research, translation and dissemination for the purpose of developing and enriching a common national language to be known as Filipino;

(2) Prepare and publish a comprehensive dictionary, thesaurus, encyclopedia or similar language tools in accordance with the latest developments in lexicography, philology and encyclopedia-making;

(3) Update the grammar of Filipino and initiate programs for its national use;

- (4) Identify, study and decide major issues affecting Filipino;
- (5) Implement a program for the production of books, pamphlets and other printed materials in Filipino through translation of original works;
- (6) Undertake a program for the promotion of letters and theatrical arts in Filipino;
- (7) Seek the assistance of other governmental agencies in the implementation of its programs and projects;
- (8) Supervise the writing of textbooks in the national language for use in all schools and other agencies of the Government; and
- (9) Perform other functions provided by law.

SEC. 491. *Literary Standards.*—The decisions of the INL on all linguistic matters, when approved by the Minister, shall be adopted as literary standards in all official publications and school texts.

SEC. 492. *Publications.*—Publications of the INL may be mailed free of postage under such regulations as may be prescribed jointly by the Executive Director and the Postmaster General.

CHAPTER 11—*National Historical Institute*

SEC. 493. *Organization.*—(1) The National Historical Institute (NHI) shall be composed of its Executive Director as Chairman, and the Directors of the National Library and the National Museum as *ex officio* members, and four other members who shall serve part-time for a term of six years.

(2) The executive director shall be assisted by an assistant executive director.

(3) The NHI shall have staff and operating units provided by law.

SEC. 494. *Appointment.*—The Chairman and the four other members of the NHI shall be appointed by the President/Prime Minister.

SEC. 495. *Functions.*—The NHI shall:

- (1) Promote Philippine cultural heritage, maintain national shrines and monuments, and enhance historical information;
- (2) Commemorate important historical events and personages, and produce historical documentaries;
- (3) Translate and publish works of national heroes and accounts on the country's history into English or the national language in coordination with the Institute of National Language;
- (4) Preserve historical and cultural properties by identifying, restoring, developing and maintaining national historical sites such as shrines, monuments and landmarks, excluding military memorials or shrines;
- (5) Catalogue, rehabilitate, publish, restore, microfilm and preserve national heroes' relics and archival documents;
- (6) Prepare or approve all heraldic designs and blazoning of the National Government, local governments or political subdivisions, government-owned or controlled corporations, and semi-government institutions, and prescribe specific standards for their manufacture;
- (7) Recommend the naming and renaming of streets and plazas, and approve the naming and renaming of historical edifices and landmarks; and
- (8) Perform other functions provided by law.

SEC. 496. *Publications.*—Publications and other reading materials distributed by the NHI may be mailed free of postage, under such regulations as may be prescribed jointly by the Executive Director and the Postmaster General.

SEC. 494. *Appointment.*—The Chairman and the four other members of the NHI shall be appointed by the President/Prime Minister.

SEC. 495. *Functions.*—The NHI shall:

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- (6) Prepare or approve all heraldric designs and blazoning of the National Government, local governments or political subdivisions, government-owned or controlled corporations, and semi-government institutions, and prescribe specific standards for their manufacture;
- (7) Recommend the naming and renaming of streets and plazas, and approve the naming and renaming of historical edifices and landmarks; and
- (8) Perform other functions provided by law.

SEC. 496. *Publications.*—Publications and other reading materials distributed by the NHI may be mailed free of postage, under such regulations as may be prescribed jointly by the Executive Director and the Postmaster General.

CHAPTER 12—National Institute of Arts and Letters

SEC. 497. *Organization.*—(1) The National Institute of Arts and Letters (NIAL) shall have a Board of Trustees composed of its Executive Director as Chairman, and the Directors of the National Library and the National Museum, and the Chairman of the National Historical Institute, as *ex officio* members; and a representative from each of the following fields of the Philippine arts and letters: music, drama, painting, sculpture, architecture, literature and folk dancing, who shall serve part-time for a term of six years, as members.

(2) The executive director shall be assisted by an assistant executive director.

(3) The Institute shall have staff and operating units provided by law.

SEC. 498. *Appointment.*—The Chairman and Executive Director, the assistant executive director and the seven members of the Board shall be appointed by the President/Prime Minister.

SEC. 499. *Functions.*—The NIAL shall:

(1) Formulate and implement a national cultural development and promotions program and promote cultural consciousness in arts and letters;

(2) Coordinate the activities of all Philippine cultural groups;

(3) Encourage foreign cultural exchanges to enhance the international prestige of the Philippines;

(4) Provide scholarships and travel grants to deserving talents in arts and letters;

(5) Manage or provide for the sending abroad of local artists, individually or as groups, and for the entry into the country of foreign artists of recognized ability for exhibitions and performances;

- (6) Extend recognition and accreditation to art and cultural groups, and grant short-term loans to legitimate cultural groups undertaking cultural activities under such terms and conditions as it may prescribe;
- (7) Develop in the Filipino people an intensified awareness of the Philippine culture and its historical and contemporary implications with emphasis on what has been naturally assimilated and what can creatively be expressed;
- (8) Awaken a new consciousness in, and define a new orientation of, the Philippine culture by emphasizing the search for knowledge of Filipino culture and appreciating indigenous Philippine materials and artistic creations;
- (9) Stimulate interest in cultural activities; cultivate and enhance public appreciation for distinctive Filipino arts in their various manifestations; encourage original literary and artistic production along higher standards and towards loftier goals; create wider opportunities for individual and national self-expression in the cultural sphere; and fill popular cultural needs in various forms to meet the discriminating requirements of Philippine society;
- (10) Arrange for or encourage the organization of periodic competitions, exhibitions and performances in different parts of the Philippines for public benefit, and the discovery, development, and display of individual talents, group initiative and accomplishments and other richly rewarding literary and artistic pursuits;
- (11) Organize a program of research and training, help establish workshops to revive traditional and indigenous folk arts, music, dances and distinctive Filipino arts and crafts, and assist institutions engaged in pioneering work or best qualified to participate in a training program for creative literary and artistic endeavors;
- (12) Receive gratuitous grants and accept donations of funds, materials or services for the use of the NIAL in its programs, projects and operations; and
- (13) Perform other functions provided by law.

CHAPTER 13—Educational Assistance Policy Council

SEC. 500. Declaration of Policy.—It is a declared national policy to democratize access to education by providing opportunities to deserving citizens to pursue higher education and training in the field of study vital to the development of the national economy.

SEC. 501. Organization.—The Educational Assistance Policy Council shall be composed of the Minister of Education and Culture as chairman, the Minister of Labor as Vice-chairman, and the Minister of Economic Planning, Minister of Finance, Minister of the Budget, Minister of Social Services and Development, Presidential Assistant on Youth and Sports Development, Governor of the Central Bank, Administrator of the Social Security System and General Manager of the Government Service Insurance System or their alternates as members.

SEC. 502. Functions.—The Council shall:

- (1) Determine and issue the appropriate policies, measures, rules and regulations necessary to implement, maintain and enhance the program;
- (2) Issue guidelines to govern existing and future educational assistance programs of other government agencies and the private sector;
- (3) Enlist the cooperation of schools and other relevant institutions for the effective implementation and enhancement of the program;
- (4) Accept donations, legacies, grants-in-aid and other contributions to form part of the Educational Loan Guarantee Fund; and
- (5) Perform other functions provided by law.

SEC. 503. Educational Loan Guarantee Fund.—There is established an Educational Loan Guarantee Fund as provided by law which shall be administered by the Council. The Guarantee Fund shall cover all loans under the pro-

gram. Earnings, guarantee charges, and other credits arising from the operation of the loan fund shall accrue to the Educational Loan Guarantee Fund.

SEC. 504. *Qualification of Applicants.*—Any Filipino citizen who graduates from a duly authorized secondary school, whether public or private, desiring to pursue further studies may avail of assistance under any schemes of the program, the basic consideration being he is poor but deserving. The Council shall determine such other qualifications as it deems proper for the purpose.

SEC. 505. *Amount and Payment of Loan.*—The amount of loan that may be granted each student shall be determined by the Council considering the number of years to complete his studies and the amount needed for such expenditures as tuition and other school fees, board and lodging, pocket money, books and supplies and other miscellaneous expenses. The payment of all loans granted to any student borrower shall be made immediately upon employment under such payroll check-off system as may be established by the Council.

SEC. 506. *Secretariat Services.*—The necessary staff assistance and other secretariat services as may be required by the Educational Assistance Policy Council shall be provided by the National Educational Loan Assistance Center of the Ministry.

CHAPTER 14—*Textbook Board*

SEC. 507. *Organization.*—The Textbook Board shall be composed of a Chairman, the Director of the Bureau of Elementary Education, the Director of the Bureau of Secondary Education, and four others at least one of whom shall be from the cultural communities, as members.

SEC. 508. *Appointment.*—The Chairman and the members shall be appointed by the President/Prime Minister for a term of three years.

SEC. 509. Functions.—The Board shall select and approve suitable textbooks to be used in the public and private elementary and secondary schools, which shall not be changed oftener than once every six years from the date of their selection and approval.

SEC. 510. Prohibition.—(1) No treatises, textbooks, or manuscripts shall be considered for adoption if any member of the Board, or official or employee of the Ministry and its agencies, or any of their agents, has direct or indirect participation in the authorship, ownership, editorship, preparation, publication, printing, selling, or royalty arrangement in any of those treatises, textbooks or manuscripts.

(2) The use of any textbook containing statements or assertions offensive to the prestige, dignity and honor of the Filipino people and Government is prohibited.

SEC. 511. Statement of Publisher.—Each publisher or dealer who furnishes textbooks or any book under any contract with the Ministry shall execute a sworn statement stating the list of the lowest prices of which each book is sold anywhere in the Philippines.

CHAPTER 15—*Board of Censors for Motion Pictures*

SEC. 512. Organization.—(1) The Board of Censors for Motion Pictures shall be composed of a Chairman and twenty-four members.

(2) The Board shall have staff and operating units provided by law.

SEC. 513. Appointment.—The Chairman and the members of the Board shall be appointed by the President/Prime Minister for a term of four years. Any person appointed to fill a vacancy in the Board shall serve only for the unexpired term of the member he succeeds.

SEC. 514. Qualifications.—Each member of the Board shall not be less than thirty-five years of age, of good

moral standing in the community, and not directly connected with the motion picture or television industries. The professional, religious, educational, child or welfare, civic, cultural and newspapermen associations or organizations shall each have three appointees from their nominees.

SEC. 515. Functions.—The Board shall:

- (1) Screen, censor, examine and supervise the examination of, approve or disapprove or delete portions from, or prohibit the introduction and exhibition of, all imported or locally produced motion pictures for non-theatrical, theatrical and television distribution and all publicity or advertising materials which tend to glorify crime or which are immoral, indecent, contrary to law or good customs, or injurious to the prestige, dignity or honor of the Republic of the Philippines or its people;
- (2) Classify the motion pictures approved for exhibition into those for general patronage and for adults only;
- (3) Appoint personnel, including a secretary and its technical staff, for the effective execution of its functions, in accordance with existing laws;
- (4) Promulgate its own rules of internal procedure and operation;
- (5) Charge reasonable fees to be fixed for each film and other materials presented to it for review or examination; and
- (6) Perform other functions provided by law.

SEC. 516. Appeal.—Appeals from the decisions of the Board shall be filed within fifteen days from receipt of the decision to a committee composed of the Deputy Ministers of Justice, National Defense and Education and Culture.

SEC. 517. Persons Authorized to Examine and Review Motion Pictures.—Except members of the Board, members of its duly appointed staff, and two representatives of each of the distributor or producer and exhibitor of the motion picture under exhibition and review, no other

person shall be allowed or authorized by the Board inside the screening room during the examination and review of any motion picture.

SEC. 518. *Display of Certificate of Approval.*—The motion picture exhibitors shall post and display the certificate of approval issued by the Board at conspicuous places near the entrances to the theaters or places of exhibition, and their cinema advertisements and announcements shall include the classification of the motion pictures being exhibited or advertised.

SEC. 519. *Pictures Declared Unfit for Exhibition.*—

(1) In the event an imported motion picture, after examination and review by the Board, is declared banned or unfit for exhibition in the Philippines, the said motion picture shall be returned by the Philippine importer or distributor to the country of origin within a period of thirty days from date of receipt of the decision of the Board. Locally produced pictures banned for exhibition shall be confiscated by the Board.

(2) All customs duties and internal revenue taxes paid by the importer or distributor on account of the importation and entry into the Philippines of the imported motion picture declared banned or unfit for exhibition may be refunded by the government office concerned to its importer or distributor.

(3) A copy of the decision of the Board banning the motion picture for exhibition in the Philippines shall be furnished the Commissioner of Internal Revenue and the Collector of Customs of the port of entry of the said motion picture, and said copy shall constitute sufficient authority to the Commissioner of Internal Revenue and the Collector of Customs concerned to refund the internal revenue taxes and customs duties paid by the importer or distributor on account of the importation of the banned motion picture.

(4) A report of the return of the banned picture to its country of origin or any place outside of the Philip-

pines shall be submitted to the Board immediately after shipment.

SEC. 520. *Penalties.*—Any person, association, partnership or corporation who exhibits any motion picture, still or other pictorial advertisement without prior approval, or after it has been officially disapproved, shall be punished as provided by law.

CHAPTER 16—*Miscellaneous Provisions*

SEC. 521. *Curricula.*—Curricula for all elementary and secondary schools shall be prescribed by the National Board of Education.

SEC. 522. *Medium of Instruction.*—The Ministry shall promulgate rules and regulations on the medium of instruction for all schools in accordance with the declared policy.

SEC. 523. *School Year.*—(1) The school year for public and private schools shall consist of not less than forty weeks for the elementary and secondary levels, and thirty-six weeks for the college level or eighteen weeks a semester.

(2) The opening date shall be fixed by the Minister, but it shall not be earlier than the first day of June nor later than the last day of July of each year, unless prevented by fortuitous events.

(3) The long school vacation period shall likewise be fixed by the Minister taking into consideration the convenience of the pupils and the special climatic conditions prevailing during the said period.

(4) The dates established for the long school vacation shall not be changed oftener than once every five years without prior public hearing properly advertised in a newspaper of general circulation or announced by the school authorities concerned.

SEC. 524. School Holidays.—All schools, whether public or private, shall not hold classes on public holidays, whether regular or special. In holidays especially proclaimed by the President/Prime Minister, the schools in the municipality, city or province affected by the proclamation shall not hold classes. The Minister may, by reason of public calamity or emergency, order the closure of any school, public or private, as may have been affected thereby for such period as necessity may demand.

SEC. 525. School Session.—The regular daily sessions of all public and private schools shall be held during the hours fixed by the Minister or his duly authorized representative. Except in college, no class sessions shall be held on Saturdays, Sundays, or holidays unless to offset class sessions suspended by competent authority.

SEC. 526. School Rituals.—(1) School rituals prepared and prescribed by the Minister shall be observed in all public and private elementary and secondary schools in the Philippines.

(2) The school rituals shall consist of solemn and patriotic mass singing of the Philippine National Anthem and the recitation of prescribed patriotic pledges.

(3) The rituals shall be held in school premises as often as may be practicable under the direction of the respective school authorities.

SEC. 527. Flag Ceremony.—(1) All educational institutions shall observe simple and dignified flag ceremony, including the playing and singing of the Philippine National Anthem.

(2) The flag ceremony shall be conducted under the rules and regulations issued by the Minister.

(3) Failure or refusal to observe the flag ceremony in accordance with the rules and regulations issued by the Minister shall, after notice and hearing, subject the educational institution concerned and its head to public

censure as an administrative punishment, which shall be published at least once in a newspaper of general circulation.

(4) Failure to observe for the second time the said flag ceremony shall, after notice and hearing, be a ground for the cancellation of the recognition or the permit of the private educational institution concerned.

(5) Any teacher or student or pupil who refuses to join or participate in the flag ceremony may be dismissed after due investigation.

SEC. 528. Sectarian Teaching.—(1) No teacher in any public school shall criticize the doctrines of any church, religious sect, or denomination and attempt to influence the public, students or pupils for or against any church or religious sect.

(2) Any teacher who violates this section shall, after notice and hearing, be dismissed from the service.

SEC. 529. Establishment of Schools.—(1) The Minister shall have the power to authorize the establishment of primary and elementary schools, barangay schools, municipal high schools, provincial high schools, universities and colleges as authorized by law and to close any such schools which he may find operating in violation of the provisions of existing laws or rules and standards.

(2) No barangay high school shall be authorized to open in the poblacion of any municipality or city or within three kilometers radius of any existing public or private high school. The Minister shall promulgate the rules and standards to carry out the provisions of this section.

SEC. 530. Local School Boards.—In every province, city or municipality, there shall be established a Provincial School Board, City School Board and Municipal School Board, respectively, whose composition, powers, functions and duties shall be provided by law.

CHAPTER 17—Attached Agencies

SEC. 531. Functions and Duties.—The Board of Censors for Motion Pictures, the Educational Assistance Policy Council and the Music Promotion Foundation of the Philippines which are attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law subject to the requirements of economy, efficiency and effectiveness.

TITLE VII—MINISTRY OF LABOR

CHAPTER 1—General Provisions

SEC. 532. Declaration of Policy.—The State shall protect labor, promote full employment, ensure equal work opportunities regardless of sex, race or creed, regulate the relations between workers and employers, and assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work.

SEC. 533. Organization.—(1) The Ministry of Labor, hereinafter referred to in this Title as the Ministry, shall be headed by the Minister of Labor who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular services provided in Chapter 3 of Book IV of this Code, the Ministry shall have an International Labor Affairs Service, an Information and Publication Service, a Labor Statistics Service, as well as a Rural Workers Office, a Free Legal Assistance Office, a Population/Family Planning Office and an Office of Emigrant Affairs.

(3) The Bureau of Employment Services, the Bureau of Apprenticeship, the Bureau of Labor Relations, the Bureau of Women and Minors and the Bureau of Labor Standards

with the Labor Standards Commission attached to it shall be under the supervision and control of the Ministry and they shall be organized in accordance with Chapter 4 of Book IV of this Code.

(4) The Ministry shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

(5) The National Labor Relations Commission, the Wage Commission, and the Institute of Labor and Manpower Studies shall be under the administrative supervision of the Ministry.

(6) The National Manpower and Youth Council, the Overseas Employment Development Board, the National Seaman Board, the Employees Compensation Commission and the Board of Trustees of the Training and Welfare Fund shall be attached to the Ministry.

SEC. 534. Functions.—The Ministry shall:

(1) Encourage harmonious labor-management relations through collective bargaining;

(2) Promote the trade union movement to achieve industrial peace;

(3) Emphasize and promote human resources development and utilization;

(4) Enforce labor laws; and

(5) Perform other functions provided by law.

SEC. 535. Functions of Services and Offices.—(1) The International Labor Affairs Service shall provide the Ministry with economical, efficient and effective services relating to international labor matters, including representations with foreign governments and international organizations. It shall also supervise and coordinate the labor attache program of the Ministry.

(2) The Information and Publication Service shall provide the Ministry with economical, efficient and effective services relating to the production of printed materials for dissemination of information on labor, the maintenance

and updating of informative literature on labor, the promotion of sound relationships with all agencies and offices through the publication of relevant information, including liaison with other government agencies, the development of a publication exchange program with outside institutions to enrich reading materials in the Ministry's library, and the publication of a weekly or fortnightly periodical of the Ministry.

(3) The *Labor Statistics Service* shall provide the Ministry with economical, efficient and effective services relating to labor research and statistics.

(4) The *Rural Workers Office* shall be responsible for the extension of economical, efficient and effective special social assistance to rural workers. It shall also perform other functions provided by law.

(5) The *Free Legal Assistance Office* shall be responsible for the extension of economical, efficient and effective free legal assistance to indigent workers and employees. It shall also perform other functions provided by law.

(6) The *Population/Family Planning Office* shall be responsible for the development and evaluation of family planning and welfare program in all establishments covered by the Labor Code. It shall also perform other functions provided by law.

(7) The *Office of Emigrant Affairs* shall be responsible for the promotion of the well-being of emigrants and the maintenance of their closelink to the homeland. It shall also perform other functions provided by law.

CHAPTER 2—*Bureau of Apprenticeship*

SEC. 536. *Functions.*—The Bureau of Apprenticeship shall:

(1) Formulate policies, rules, regulations, standards, agreements (apprentice employment contracts), plans, projects, orders, and procedures on apprenticeship and learnership;

- (2) Plan, develop and coordinate the general publicity and information program on apprenticeship and learnership;
- (3) Conduct research and analysis on trades, occupations and other work activities existing in the country to determine their appropriateness in apprentice or learner training;
- (4) Provide technical and advisory services on apprenticeship and learnership to the Ministry and its regional offices and to interested parties;
- (5) Prepare, devise and develop promotional aids and materials on apprenticeship and learnership;
- (6) Maintain a national register of apprentices and learners and a current record of all apprenticeship and training committees and all employers operating under approved apprenticeship programs;
- (7) Disseminate information regarding apprenticeship to bring about a better understanding of the purposes of the Labor Code and arouse public interest in apprentice training;
- (8) Promote and protect the welfare of apprentices, learners and handicapped workers; and
- (9) Perform other functions provided by law.

CHAPTER 3—*Bureau of Employment Services*

SEC. 537. *Functions.*—The Bureau of Employment Services shall:

- (1) Formulate policies, standards and procedures on productive manpower resources, development, utilization and allocation;
- (2) Establish and administer a machinery for the effective allocation of manpower resources for maximum employment and placement;

- (3) Develop and maintain a responsive vocational guidance and testing system in aid of proper human resources allocation;
- (4) Regulate and supervise private sector participation in the recruitment and placement of workers, locally and overseas, under such rules and regulations as may be issued by the Minister;
- (5) Establish and maintain a registration and/or work permit system to regulate employment of aliens;
- (6) Develop and maintain a labor market information system in aid of proper manpower and development planning;
- (7) Formulate employment programs designed to benefit disadvantaged groups and communities; and
- (8) Perform other functions provided by law.

SEC. 538. *Regional and Public Employment Offices.*—In addition to the regular regional offices provided in Chapter 5 of Book IV of this Code, the Bureau shall have such regional employment service offices and public employment offices as may be required which shall perform such functions as may be provided by law or assigned by the Director.

CHAPTER 4—*Bureau of Labor Relations*

SEC. 539. *Functions.*—The Bureau of Labor Relations shall:

- (1) Formulate policies and programs relative to the administration and enforcement of laws pertaining to the conciliation of labor disputes, labor counselling and arbitration, registration and supervision of labor unions and orientation of workers;
- (2) Develop guidelines and standards relative to the evaluation of collective bargaining agreement and labor

welfare program and the examination of books of accounts and other financial records of labor organizations; and

- (3) Perform other functions provided by law.

CHAPTER 5—*Bureau of Women and Minors*

SEC. 540. Functions.—The Bureau of Women and Minors shall:

- (1) Formulate policies and promulgate orders, rules and regulations implementing the provisions of the Labor Code affecting working women and minors;
- (2) Set standards which shall protect the welfare of the working women and minors, improve their working conditions, increase their efficiency, secure opportunities for their profitable employment and find ways for their economic, educational, social and cultural advancement;
- (3) Prepare and recommend to the Minister of Labor the approval and issuance of such rules and regulations necessary in the interpretation of all laws relating to the employment of women and minors;
- (4) Undertake studies and submit recommendations on the employment of women and minors in commercial, industrial and agricultural establishments and other places of labor;
- (5) Provide legal and technical assistance on matters relating to working women and minors;
- (6) Act as the government's clearinghouse of all information relating to working women and minors;
- (7) Undertake development studies on the training needs of women and minors and develop programs and projects to enhance their productivity and effective participation in community development;
- (8) Protect every child employed in the movie, television, radio and entertainment industry against exploitation,

improper influences, hazards and other conditions or circumstances prejudicial to his physical, mental, emotional, social and moral development;

- (9) Undertake projects and in-service training programs for working children to improve their potentials for employment and their capabilities and physical fitness, increase their efficiency, secure opportunities for their promotion, prepare them for more responsible positions, and provide for their social, educational and cultural advancement, in cooperation with labor and management;
- (10) Integrate all activities and collaborate with the National Commission on the Role of Filipino Women for the protection and promotion of the welfare of women workers; and
- (11) Perform other functions provided by law.

CHAPTER 6—Bureau of Labor Standards

SEC. 541. *Functions.*—The Bureau of Labor Standards shall:

- (1) Develop and prescribe safety standards, measures and devices; promote safety consciousness and habits among workers; develop and evaluate occupational safety and health programs for workers;
- (2) Develop plans, programs, standards and procedures for the enforcement of laws relating to labor standards, including the operation of boilers, pressure vessels, machinery, internal combustion engines, elevators, electrical equipment, wiring installations, and the construction, demolition, alteration and use of commercial and industrial buildings and other workplaces;
- (3) Prepare rules and regulations, interpretative bulletins and legal opinions relating to the administration and enforcement of labor standards; and provide manuals and plan programs for the training of field personnel;

- (4) Provide technical and legal assistance to the Labor Standards Commission; and
- (5) Perform other functions provided by law.

CHAPTER 7—*Labor Standards Commission*

SEC. 542. *Functions.*—The Labor Standards Commission shall:

- (1) Review rules and regulations prepared by the Bureau of Labor Standards for approval by the Minister of Labor for the implementation of labor standard laws;
- (2) Act as consultative and advisory body on queries regarding the interpretation of labor laws and social legislations;
- (3) Assist the Bureau of Labor Standards in the drafting of the rules and regulations implementing the labor code and the health and safety code; and
- (4) Perform other functions provided by law.

CHAPTER 8—*Miscellaneous Provision*

SEC. 543. *Attached Agencies and Agencies under Administrative Supervision.*—The agencies under the administrative supervision of, or attached to, the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE VIII—MINISTRY OF NATIONAL DEFENSE

CHAPTER 1—*General Provisions*

SEC. 544. *Declaration of Policy.*—The defense establishment shall be maintained to maximize its effectiveness for social and economic development while retaining its tradi-

tional role of guarding against external and internal threats to national peace and security.

SEC. 545. *Organization.*—(1) The Ministry of National Defense, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of National Defense who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to its regular staff and other operating units, the Ministry shall have an Executive Staff, a Public Information Service and a Legal Service. The Executive Staff shall be composed of the Staff for Plans, Staff for Comptrollership, Staff for Administration, and Staff for Logistics. Within the limits of budgetary appropriations, the Ministry may create other staffs and advisory councils or bodies within the defense establishment.

(3) The Government Arsenal, Office of Civil Defense, Philippine Veterans Affairs Office, Philippine Atmospheric, Geophysical and Astronomical Services Administration, Bureau of Coast and Geodetic Survey, Armed Forces of the Philippines, National Defense College of the Philippines, Integrated National Police and National Police Commission, shall be under the supervision and control of the Ministry, except as may be provided by special laws.

(4) The Philippine Veterans Investment Development Corporation, the Philippine Veterans Assistance Commission and the PEFTOK Investment and Development Corporation shall be attached to the Ministry.

SEC. 546. *Functions.*—The Ministry shall provide the necessary protection against external and internal threats; direct and supervise the national defense program; maintain law and order throughout the country; and perform other functions provided by law.

SEC. 547. *General Military Council.*—The General Military Council shall advise and assist the Minister in the formulation of military policies and shall consider and report on such other matters as the Minister may

direct. The Council shall be composed of the Minister as Chairman; and the Deputy Ministers of National Defense, the Chief of Staff, the Vice Chief of Staff, the Deputy Chief of Staff, Armed Forces of the Philippines, and the Commanders of the Major Services, as members. The Deputy Chief of Staff of the Armed Forces of the Philippines shall be the Secretary of the Council.

SEC. 548. *Detail of Officers and Enlisted Personnel.*—Commissioned Officers and enlisted personnel of the Armed Forces may be detailed to duty as Assistants or Aides-de-Camp to the President/Prime Minister, the Minister and the Deputy Ministers of the Ministry of National Defense, and the General Officers of the Armed Forces of the Philippines.

CHAPTER 2—*Government Arsenal*

SEC. 549. *Organization.*—The Government Arsenal shall be headed by a Director who shall be assisted by one or more Assistant Directors. It shall have staff and operating units provided by law.

SEC. 550. *Qualifications.*—The Director and Assistant Directors shall have the expertise, training or experience in the field of munitions.

SEC. 551. *Functions.*—(1) The Arsenal shall:

- (a) Establish, operate, and maintain government arsenal;
- (b) Formulate plans and programs to achieve self-sufficiency in arms, mortars and other weapons and munitions;
- (c) Design, develop, manufacture, procure, stockpile, and allocate arms, mortars and other weapons and munitions without the necessity of obtaining any permits or licenses, and devise ways and means for the efficient mobilization of civilian industry to augment the production of the Arsenal in times of emergency; and
- (d) Perform other functions provided by law.

CHAPTER 3—Office of Civil Defense

SEC. 552. Organization.—The Office of Civil Defense shall be headed by an Administrator who shall be assisted by a Deputy Administrator. The Office shall have staff and operating units provided by law.

SEC. 553. Functions.—The Office shall:

(1) In times of war and other national emergencies of equally grave character, coordinate the activities and functions of various government agencies and instrumentalities, as well as of private institutions and civic organizations devoted to public welfare to maximize the utilization of the facilities and resources of the entire nation for the protection and preservation of the civilian population and property;

(2) Establish and administer a comprehensive national civil defense and assistance program to include the estimation of the total material, manpower and fiscal requirements for carrying out the said program and coordinate the allocation to local government units such aid in facilities, materials and funds as may be made available by the national government;

(3) Furnish guidance and coordinate the activities of the national government, local governments, private institutions and civic organizations for civil preparedness;

(4) Develop and coordinate a program for informing, educating and training the public on civil defense measures and activities; and

(5). Perform other functions provided by law.

SEC. 554. Operating Services.—The Administrator shall, subject to the approval of the Minister of National Defense, prescribe the organization, functions, duties and responsibilities of civil defense units on the national and local government levels, in connection with the various operating units for civil defense. Civil defense operating units shall be established for the national and local government de-

fense organizations. The local units shall operate under the supervision and control of the respective heads of the local government civil defense organizations to which they appertain.

CHAPTER 4—Philippine Veterans Affairs Office

SEC. 555. Organization.—The Philippine Veterans Affairs Office shall be headed by an Administrator who may be assisted by one Deputy Administrator. It shall have staff and operating units provided by law.

SEC. 556. Functions.—The Office shall:

- (1) Formulate and promulgate, subject to the approval of the Minister of National Defense, policies, rules and regulations governing the adjudication and administration of veterans' claims and benefits;
- (2) Adjudicate and administer benefits, pensions and other privileges granted to veterans, their heirs and beneficiaries;
- (3) Provide medical care and treatment to veterans pursuant to existing law;
- (4) Administer, develop, and maintain military shrines;
- (5) Formulate policies concerning the affairs, placement and training of ex-servicemen, and assist their widows and dependents, and other retired military personnel; and
- (6) Perform other functions provided by law.

CHAPTER 5—Philippine Atmospheric, Geophysical and Astronomical Services Administration

SEC. 557. Organization.—(1) The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) shall be headed by a Director-General who may be assisted by one Deputy Director-General.

(2) The PAGASA shall have regular staff and operating units provided by law.

SEC. 558. *Qualifications.*—The Director-General shall be a person of executive ability who has distinguished himself in science and technology.

SEC. 559. *Functions.*—The PAGASA shall:

(1) Observe and report the weather of the Philippines and specified adjacent areas, issue forecasts and warnings of weather and flood conditions affecting national safety, welfare and economy;

(2) Undertake, in coordination with other agencies, activities geared towards the moderation of typhoons to reduce their destructive effects, and undertake weather modification projects;

(3) Conduct continuous earthquake recordings, observation and researches on earthquake prediction; gather necessary information to determine safety factors in designing buildings and infrastructures; and issue advisory and precautionary measures to areas affected by earthquakes;

(4) Coordinate with international organizations regarding *tsunami* (seismic sea wave) and typhoon warning dissemination;

(5) Provide and disseminate the precise standard time of the Philippines; maintain and operate an adequate satellite tracking and monitoring system, especially for weather surveillance and for other astronomical information; observe, analyze and intercept varied astronomical phenomena; and collate observational data for publication and exchange with foreign observations;

(6) Provide adequate communication systems for efficient reception and transmission of meteorological, seismic and astronomical reports or information to and from field stations throughout the country, and for an efficient international exchange of weather information with other countries as reported from land, sea and air;

- (7) Coordinate with other national agencies in planning pre-disaster and community preparedness to minimize losses to lives and property due to typhoons, floods, earthquakes, tsunami, and other natural disasters;
- (8) Collect, process, archive, publish and disseminate atmospheric, geophysical and astronomical data for use by the scientific and engineering community and the general public in agriculture, commerce and industry; and co-ordinate national activities in meteorological, geophysical and astronomical data problems with the world scientific organizations;
- (9) Conduct fundamental and applied researches, investigations and experiments to achieve advances in applied meteorological, geophysical and astronomical fields in cooperation with the University of the Philippines and other science agencies; and provide training facilities to meet the need for meteorological, geophysical and astronomical personnel; and
- (10) Perform other functions provided by law.

SEC. 560. Authority to Accept Donations.—PAGASA may accept donations in the form of equipment, scholarship awards, sites for stations, buildings, and others, from local or foreign sources to promote its objectives.

CHAPTER 6—Bureau of Coast and Geodetic Survey

SEC. 561. Functions.—The Bureau shall:

- (1) Undertake base mapping, charting and oceanic/geodetic surveying of the Philippines;
- (2) Formulate, develop and implement a continuing program of aerial photography and base mapping in the country;
- (3) Monitor and supervise the use of unclassified and declassified aerial photographs for mapping purposes by government and private agencies;

- (4) Undertake hydrographic/oceanographic/topographic surveys of all the Philippine waters, adjacent seas and the entire land territory;
- (5) Establish a network of primary and secondary geodetic control points for scientific and general engineering projects;
- (6) Establish reference marks for meridian lines and undertake geophysical surveys to determine the values of magnetic elements at selected points in the country;
- (7) Conduct tidal and current observations for the prediction of tidal movements;
- (8) Publish and distribute to end users, topographic base maps, nautical aeronautical charts, coast pilot information and notices to mariners;
- (9) Coordinate and standardize geodetic surveying, aerial photography and mapping activities of government and private agencies;
- (10) Acquire, store and compile data pertaining to surveys, maps, charts, aerial photographs and related cartographic information for data banking purposes;
- (11) Obtain necessary data for compilation, reproduction and publication of any map/chart or similar cartographic material if these functions are not exclusively vested in other government agencies; and
- (12) Perform other functions provided by law.

CHAPTER 7—Armed Forces of the Philippines

SEC. 562. *Functions.*—The Armed Forces of the Philippines (AFP) shall:

- (1) Uphold the sovereignty, support the Constitution, and defend the territory of the Republic of the Philippines against all enemies, foreign and domestic;
- (2) Promote and advance the national aims, goals, interests and policies;

(3) Plan, organize, maintain, develop and deploy its regular and citizen reserve forces for national security; and

(4) Perform other functions provided by law or assigned by higher authorities.

SEC. 563. *Organization.*—(1) The AFP shall be essentially a citizen armed forces consisting of a standing force and a reserve force. It shall be organized and maintained in a manner that shall render it capable of rapid expansion from a peacetime organization to a wartime or emergency organization.

(2) The Standing Force shall be composed of regular officers and enlisted personnel; reserve officers and members of para-military forces who are called to active duty; draftees; trainees and government-sponsored Filipino cadets enrolled in local or foreign military schools. In time of peace, the size and composition of the Standing Force shall be prescribed by the Minister of National Defense, upon recommendation of the Chief of Staff.

(3) The Reserve Force shall be composed of constituted and organized reserve units, para-military forces as may be established in accordance with the force development objectives of the AFP, reservists to fill up the wartime or emergency personnel requirements of units of the Standing Force, and members of affiliated units organized in accordance with existing laws and regulations or when the constituted units to which they belong are activated in time of war or national emergency or when the national security so requires.

SEC. 564. *Composition.*—The AFP shall consist of the General Headquarters; the four Major Services, namely: the Philippine Army, the Philippine Constabulary, the Philippine Air Force and the Philippine Navy; and other existing units, services and commands of the AFP. The Minister of National Defense may, in accordance with the policies or directives of the President/Prime Minister,

create additional units, services and commands, or re-organize the AFP in response to any situation or in pursuance of operational or contingency plans. No Major Service may be unfilled, inactivated or merged with another Major Service, without the approval of the National Assembly.

SEC. 565. Basic, Technical and Administrative Services.

—(1) The basic services of the AFP shall be composed of the four Major Services. Enlisted personnel of the standing force and the reserve force must belong to one of the basic services.

(2) The technical services of the AFP shall be composed of the Medical Corps, Dental Service, Nurse Corps, Veterinary Corps and the Judge Advocate General Service.

(3) The administrative services shall consist of the Chaplain Service, Women Auxiliary Corps, Medical Administrative Corps and the Corps of Professors.

(4) Appropriate military occupational specialities may be prescribed by the Chief of Staff for each of the basic, technical and administrative services.

(5) Appointments of officers to the basic, technical and administrative services, and enlistment in the basic services, shall be governed by rules and regulations prescribed by the Minister of National Defense.

SEC. 566. Tactical and Territorial Organization.—Unless otherwise prescribed by law, the Major Services and other units of the AFP may be organized into such commands, forces and organizations as may be prescribed by the Minister of National Defense. For this purpose, the territory of the Philippines may be divided into such tactical and geographical areas and zones or regions and districts as the Minister of National Defense may direct.

SEC. 567. Organizational Structure.—The organizational structure of the AFP shall provide for:

(1) Centralized direction and control of General Headquarters to insure unity and coordination of efforts throughout the military establishment;

- (2) Decentralized execution of operations to the Major Services and other separate units to achieve maximum operational efficiency within the military establishment;
- (3) Common doctrine, standardized procedures and techniques throughout the military establishment to assure common understanding among all its forces and elements, facilitating thereby the attainment of maximum operational efficiency and effectiveness;
- (4) Development of self-reliance concepts for each Major Service to insure national defense and security and maximum utilization of resources; and
- (5) Development of the capability to participate in the infrastructure projects of the government.

CHAPTER 8—*General Headquarters*

SEC. 568. *Functions.*—The General Headquarters, AFP, shall:

- (1) Serve as military advisor and staff to the Minister of National Defense;
- (2) Prepare strategic plans and provide for the strategic direction of the AFP, including the direction of operations of unified or specified commands;
- (3) Prepare integrated logistic responsibilities in accordance with those plans;
- (4) Prepare integrated plans for military mobilization;
- (5) Provide adequate, timely and reliable joint intelligence for use within the Ministry;
- (6) Review major personnel, material and logistic requirements of the AFP in relation to strategic and logistic plans;
- (7) Review plans and programs of the Major Services and separate units to determine their adequacy, feasibility and suitability for the performance of their respective detailed plans;

- (8) Participate in the preparation of combined plans or military action in conjunction with the armed forces of other nations;
- (9) Recommend to the Minister of National Defense the establishment and force structure of unified or specified commands;
- (10) Determine the headquarters support, such as facilities, personnel and communications required by unified or specified commands, and assign the responsibility of providing that support to appropriate Major Services;
- (11) Prepare and submit to the Minister of National Defense for his consideration in the preparation of budgets and statements of military requirements based upon strategic war plans, tasks, priority of tasks, force requirements, and general strategic guidance for the development of military installations and bases for equipping and maintaining military forces;
- (12) Advise and assist the Minister of National Defense on research and engineering matters by submitting periodic reports on broad strategic guidance, overall military requirements, and relative military importance of development activities to meet the needs of the AFP;
- (13) Prepare and submit to the Minister of National Defense recommendations to appropriate agencies concerning general strategic guidance for the development of industrial mobilization programs;
- (14) Formulate policies and guidelines on the organization of the Major Services and other elements of the military establishment, the training of military forces, the employment of forces in the prosecution of tasks required by law, and the employment of forces to assist government agencies in the implementation of laws and regulations when so directed by higher authorities; and
- (15) Perform other functions provided by law or assigned by higher authorities.

SEC. 569. *Composition.*—The General Headquarters shall be the command and control element of the AFP. It shall be composed of the Office of the Chief of Staff, Office of

the Vice Chief of Staff, the AFP General Staff, and other staff offices and units necessary for effective command and control of the AFP.

SEC. 570. *The Chief of Staff.*—(1) The Chief of Staff, under the authority and direction of the President/Prime Minister, and the Minister of National Defense shall be responsible for the development and execution of the national defense programs and armed forces mission; and prescribe, in accordance with policies of the Minister of National Defense, the organization, powers, functions and duties of the various staffs, services, installations and other units of the AFP.

(2) The Chief of Staff shall be appointed by the President/Prime Minister from among the general and flag officers of the basic services. He shall hold the grade of general (four-star) and shall if eligible be retired in such a grade, upon relief from his assignment. He shall have a tenure of three years unless sooner terminated by the President/Prime Minister, and shall not be retired from the service while serving the normal tenure notwithstanding his attaining the compulsory retirement age under existing laws. The tenure of office of the Chief of Staff may be extended by the President/Prime Minister.

SEC. 571. *Vice Chief of Staff.*—The Vice Chief of Staff shall be the principal assistant of the Chief of Staff and shall perform the functions of the Chief of Staff during the latter's absence or disability. He shall be appointed in the same manner as the Chief of Staff and shall hold the grade of Lieutenant General (Three-Star). He shall be retired in that grade if eligible for retirement after his relief from his assignment, unless appointed as Chief of Staff.

SEC. 572. *The AFP General Staff.*—The AFP General Staff shall advise and assist the Chief of Staff in the performance of his functions and in the accomplishment of the tasks of the General Headquarters. It shall be headed by the Deputy Chief of Staff, who shall be appointed by

the Chief of Staff. The AFP General Staff shall be a joint staff. The various General Staff Offices shall each be headed by a Deputy Chief of Staff whose appointment and tenure shall be determined by the Chief of Staff. The organization, functions and duties of the General Staff shall be prescribed by the Chief of Staff.

Sec. 573. Authority of Reorganize the General Headquarters.—(1) The Minister of National Defense, upon recommendation of the Chief of Staff in the interest of efficiency and economy, may:

(a) Establish and organize staffs, offices and units in the General Headquarters in addition to the Armed Forces General Staff, and prescribe the titles, functions and duties of their members;

(b) Abolish existing staffs, offices and units in the General Headquarters not specifically provided in this Chapter or by any other provision of law, or transfer or consolidate their functions and duties with other staffs, offices or units; and

(c) Abolish the position of any Deputy Chief of Staff or any general staff office and transfer or consolidate its functions and duties with those of another Deputy Chief of Staff or General Staff Office.

(2) If the President/Prime Minister does not prescribe otherwise, the organization, functions and duties of various staffs, offices and units in the General Headquarters shall continue as provided under existing laws and regulations not in conflict with the provisions of this Chapter.

CHAPTER 9—Major Services

Sec. 574. Organization.—The Major Services shall be organized by the Chief of Staff in accordance with the policies laid down by the Minister of National Defense. The commanders of the Major Services shall hold such grade as provided by law, and shall be appointed by the President/Prime Minister upon the recommendation of the Minister of National Defense.

Chief of Staff

Pres. of the Phil.
SEC. 575. *General Provisions.*—The Minister of National Defense, upon recommendation of the Chief of Staff, AFP, shall assign to the Major Services specific functions in support of the overall responsibilities of the AFP and the Ministry.

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SEC. 576. *The Philippine Army.*—The Philippine Army shall be responsible for the conduct of operations on land, in coordination with the other Major Services. It shall be organized as prescribed by the Minister of National Defense, upon recommendation of the Chief of Staff.

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SEC. 577. *Functions.*—The Philippine Army shall:

(1) Organize, train and equip forces for the conduct of prompt and sustained operations on land;

(2) Prepare such units as may be necessary for the effective prosecution of the national defense plans and programs and armed forces missions, including the expansion of peacetime army component to meet any emergency;

(3) Develop, in coordination with the other Major Services, tactics, techniques and equipment of interest to the army for field operations;

(4) Organize, train and equip all army reserve units; and

(5) Perform other functions provided by law or assigned by higher authorities. *to Pres. of the Phil.*

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SEC. 578. *The Philippine Constabulary.*—The Philippine Constabulary, as the national police force, shall be primarily responsible for the preservation of peace and order and the enforcement of laws throughout the Philippines. It shall be organized, trained and equipped primarily as a law enforcement agency. It shall be organized as prescribed by the Minister of National Defense, upon recommendation of the Chief of Staff. *Pres. of the Phil.*

SEC. 579. *Functions.*—(1) The Philippine Constabulary shall:

(a) Prevent and suppress lawless violence, rebellion, insurrection, riots, brigandage, unlawful assemblies, brea-

- ches of the peace and other disturbances, and see to it that perpetrators of those offenses are brought to justice;
- (b) Organize, train, equip and prepare its forces for effective law enforcement operations and police duties;
 - (c) Organize, train and equip constabulary draftees, reservists and reserve units;
 - (d) Develop tactics, techniques, organization, weapons, equipment and supplies essential to the accomplishment of its missions; and
 - (e) Perform other functions provided by law or assigned by higher authorities.

(2) In times of war or national emergency, the Philippine Constabulary or any of its subordinate units may be employed jointly with, or in support of the operations of, the other Major Services as the President/Prime Minister may direct.

SEC. 580. Authority of Constabulary Officers and Enlisted Personnel.—(1) Commissioned officers and enlisted personnel of the Philippine Constabulary, as peace officers, shall execute lawful warrants and orders of arrest issued against any person for any violation of law.

(2) The Philippine Constabulary shall have police jurisdiction throughout the Philippines. *present*

(3) When the constabulary forces in any area are unable to cope effectively with violations of law, the Minister of National Defense in accordance with the policies or directive of the President/Prime Minister, may assign or detail commissioned officers and enlisted personnel of the Army, Air Force, or Navy, to the Philippine Constabulary or any of its subordinate units. The officers and enlisted personnel so assigned or detailed shall have the authority and duties of peace officers and shall be governed by the provisions of this section for the duration of their assignment or detail.

SEC. 581. The Philippine Air Force.—The Philippine Air Force shall be responsible for the air defense of the Philippines. It shall be organized as prescribed by the

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*Minister of National Defense, upon recommendation of the
Chief of Staff.*

SEC. 582. Functions.—The Philippine Air Force shall:

- (1) Organize, train, and equip forces for prompt and sustained air operations for the defense of the Philippines;
- (2) Organize, train, and equip units for airlift, airborne and tactical air operations unilaterally or in coordination with surface forces;
- (3) Formulate and develop doctrines, concepts, systems, policies, procedures, strategies, tactics and techniques for operations peculiar to the Air Force;
- (4) Organize, train, and equip all air force reserve units; and
- (5) Perform other functions provided by law or assigned by higher authorities.

SEC. 583. The Philippine Navy.—The Philippine Navy shall be responsible for the naval defense of the Philippines. It shall be organized as prescribed by the *Minister of National Defense*, upon recommendation of the Chief of Staff.

SEC. 584. Functions.—The Philippine Navy shall:

- (1) Organize, train and equip forces for prompt and sustained naval operations;
- (2) Prepare the necessary naval units for the effective enforcement of all applicable laws upon the Philippine seas and waters, the prosecution of national defense plans and programs and armed forces missions, including the expansion of a peacetime navy component to meet any emergency;
- (3) Formulate and develop doctrines, concepts, systems, policies, procedures, strategies, tactics and techniques for operations peculiar to the Navy;
- (4) Enforce laws and regulations pertaining to navigation, safety of life at sea, immigration, customs, revenues, narcotics, quarantine, fishing and neutrality of the territorial contiguous waters of the Philippines;

- (5) Organize, train and equip all naval reserve units; and
- (6) Perform other functions provided by law or assigned by higher authorities.

SEC. 585. The Philippine Coast Guard.—The Philippine Coast Guard shall remain as a major subordinate unit of the Philippine Navy and assigned functions pertaining to safety of life at sea as vested in it by law.

CHAPTER 10—*Philippine Military Academy*

SEC. 586. Organization.—(1) The Philippine Military Academy is the primary training and educational institution of the AFP. It shall be the primary source of regular officers of the Standing Force.

(2) The Academy shall be organized as prescribed by the Minister of National Defense, upon recommendation of the Chief of Staff, AFP.

(3) The student body of the Academy shall be known as the Cadet Corps of the Armed Forces of the Philippines (CCAFP) and shall have such strength as the Minister of National Defense shall determine upon the recommendation of the Chief of Staff, AFP, and within the strength limited by the annual Appropriations Act.

(4) There shall be an Academic Board organized by the Chief of Staff, which shall be composed of not more than fifteen members selected from the officers of the Academy upon recommendation of the Superintendent. The Board shall, in accordance with the rules and regulations prescribed by the Chief of Staff, have the power to confer baccalaureate degrees upon the cadets who satisfactorily complete the approved course of study.

SEC. 587. Function.—The Academy shall prepare the candidates for commission in the regular force of the AFP and shall instruct, train and develop cadets so that each graduate shall possess the character, the broad and basic military skills and the education essential to the successful pursuit of a progressive military career.

CHAPTER 11—National Defense College of the Philippines

SEC. 588. *Organization and Administration*—(1) The National Defense College of the Philippines, hereafter referred to as the College, shall be under the direction, supervision and control of the Minister of National Defense.

(2) The College shall be headed by a President who shall administer the affairs of the College with the assistance of an Executive Vice-President, a Vice-President for Academic Affairs, a Vice-President for Administrative Affairs and a Vice-President for Research and Special Studies. The Executive Vice-President shall act for the President in his absence and shall perform such other functions as may be assigned to him by the President.

(3) The Vice-President for Academic Affairs shall be responsible for the development, implementation, supervision and evaluation of academic programs; the Vice-President for Administrative Affairs, for the overall administrative support to all the activities of the College; and the Vice-President for Research and Special Studies, on the conduct of research work and special studies.

(4) The College shall have an Academic Board to assist the President discharge the following functions:

- (a) Supervise the academic affairs of the College;
- (b) Recommend academic consultants, professors, lecturers, instructors, research assistants and other resource persons of the College; and
- (c) Recommend the courses of studies to be conducted by the College to accomplish its objectives.

The Board shall be composed of the Vice-President for Academic Affairs as chairman, and the Heads of the various academic disciplines as members, who shall be designated by the President subject to the approval of the Minister of National Defense. *President of the Philippines*

(5) All resource persons of the College including but not limited to academic consultants, professors, lecturers, instructors, thesis advisers, members of examining and eval-

uating panels, examiners, correctors, and technicians who are regularly employed in the Government shall, in addition to their salaries, be entitled to receive honoraria, fees and other emoluments fixed by the Minister of National Defense.

SEC. 589. Powers and Functions.—(1) The College shall train and develop the skills and competence of potential national defense leaders, civilian officials of the different agencies and instrumentalities of the Government, and selected executives from the private sector in the formulation and implementation of national security policies, and for high command and staff duty.

(2) The College shall have the power to confer the degree of Master in National Security Administration (MNSA) upon all its students who have satisfactorily completed the prescribed course of study.

SEC. 590. Graduates of the Regular Course of the College.—(1) Graduates of the College will receive for purposes of promotion to key and sensitive positions in the military and civilian offices, preferential consideration and/or credit points in the grade or class of their respective positions.

(2) All civilian graduates who are holders of the degree of Master in National Security Administration shall qualify for appointment to the initial rank of Lieutenant Colonel in the reserve force of the Armed Forces of the Philippines.

(3) Authority to use with honor the abbreviation MNSA after their names is hereby given to all graduates of the regular course of the College.

CHAPTER 12—*Integrated National Police*

SEC. 591. Composition.—The Integrated National Police shall be composed of the Philippine Constabulary as the nucleus and the Integrated Police Force, Fire Services and Jail Management Services as components, under the Ministry of National Defense.

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SEC. 592. Organization.—The Chief of Constabulary shall prescribe, subject to the approval of the ~~Minister of National Defense~~, the table of organization and equipment, ranks and position titles, functions, duties and powers of the various staffs, services, installations and other units of the Integrated National Police. The different headquarters of the Philippine Constabulary in the national, zone/region-al and provincial levels shall be the nuclei of the corresponding headquarters of the Integrated National Police. The appropriate offices in the different headquarters levels may be jointly staffed by the constabulary, police, jail and fire service officers and personnel so that an integrated police and public safety services would be effectively discharged.

SEC. 593. Head of the Integrated National Police.—The Chief of Constabulary to be known as Director-General, shall be the head of the Integrated National Police. He shall have command of all elements thereof. He may issue from time to time instructions regarding personnel, funds, records, property, correspondence and such other matters to carry out the provisions of this Chapter. As Director-General, the Chief of Constabulary shall be assisted by the Deputy Chiefs of Constabulary, the general staff and the special, administrative and technical staffs of the Philippine Constabulary.

SEC. 594. Functions.—The Integrated National Police shall:

- (1) Enforce law and maintain peace and order;
- (2) Insure public safety;
- (3) Prevent and control fires;
- (4) Administer city and municipal jails; and
- (5) Perform other functions provided by law or assigned by higher authorities.

SEC. 595. Authority of the President/Prime Minister over the Integrated National Police.—In the exercise of

its power to maintain peace, law, order, and public safety, the Integrated National Police shall be subject to the command and supervision and control of the President/Prime Minister and shall function directly under the ~~Ministry of National Defense.~~ *Chief of Staff.*

CHAPTER 13—*National Police Commission*

SEC. 596. *Organization.*—The National Police Commission, hereafter referred to in this Chapter as the Commission, shall be composed of a Chairman and six members to be appointed by the President/Prime Minister, all of whom shall serve full time in the Commission. The President/Prime Minister may, however, appoint the Chief of Constabulary and the Director of the National Bureau of Investigation as members of the Commission in concurrent capacity, in which case separate appointments shall be extended to them as such members.

SEC. 597. *Functions.*—The Commission shall:

- (1) Investigate, decide, and review administrative cases against members of the Integrated National Police;
- (2) Adjudicate death and permanent disability benefit claims of members of the Integrated National Police;
- (3) Administer appropriate examinations for the police, fire and jail services;
- (4) Attest appointments of members of the Integrated National Police;
- (5) Inspect and audit the performance of the Integrated National Police;
- (6) Prepare a National Crime Prevention Program and coordinate its implementation upon approval by the President/Prime Minister; and
- (7) Perform other duties provided by law or assigned by higher authorities.

CHAPTER 14.—Attached Agencies

SEC. 598. *Functions and Duties.*—The agencies which are attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of economy, efficiency, and effectiveness.

TITLE IX—MINISTRY OF HEALTH

CHAPTER 1—General Provisions

SEC. 599. *Declaration of Policy.*—The Government shall provide, maintain and ensure adequate health services, including nutrition and family planning, especially to those in the rural areas; involve the community in health planning; and provide full functional coordination between preventive and curative health services.

SEC. 600. *Organization.*—(1) The Ministry of Health, hereafter referred to in this title as the Ministry, shall be headed by the Minister of Health who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall have regular services provided in Chapter 3 of Book IV of this Code and an Office of Health Education and Personnel Training and a Disease Intelligence Center.

(3) The Bureau of Dental Health Services, Bureau of Health Services, Bureau of Medical Services, Bureau of Quarantine, Bureau of Research and Laboratories, Food and Drug Administration, Malaria Eradication Service, National Family Planning Office, National Nutrition Service, Schistosomiasis Control and Research Service, National Cancer Control Center, Dermatology Research and Training Project, Radiation Health Office, Dr. Jose Fabella Memorial Hospital, National Children's Hospital, National

Mental Hospital, National Orthopedic Hospital, San Lazaro Hospital, Dr. Jose R. Reyes Memorial Hospital and Medical Center, Ospital ng Bagong Lipunan, regional health and other offices provided by law shall be under the supervision and control of the Ministry.

(4) The Tondo General Hospital and Medical Center, Schistosomiasis Control Council, the Dangerous Drugs Board and the Philippine Medical Care Commission shall be attached to the Ministry.

(5) The bureaus and offices under the supervision and control of the Ministry shall be organized in accordance with Chapter 4 of Book IV of this Code and they shall each have staff and operating units provided by law.

SEC. 601. Functions.—The Ministry shall:

(1) Undertake the promotion and preservation of the health and raise the health standards of the people;

(2) Extend adequate health services and provide proper medical care to the people especially in the rural areas;

(3) Develop, administer and coordinate various health activities and services which shall include public health, preventive, curative, rehabilitative and regulatory programs, health, medical care and education services;

(4) Upgrade the standards of medical practice and the quality of health services and programs;

(5) Promulgate rules and regulations necessary to prevent the introduction, transmission or spread of quarantinable and communicable diseases from foreign countries and from one area of the Philippines to another;

(6) Assist local health agencies in developing public health programs, including medical care;

(7) Promote medical and public health research;

(8) Train health personnel and workers;

(9) Issue licenses or permits to establish and operate government and private hospitals, schools of nursing, schools of midwifery, puericulture centers and clinics,

laboratories, blood banks, dispensaries, drug stores and such other establishments that by the nature of their functions are required to be regulated by the Ministry;

- (10) Prescribe standard and reasonable fees for health, medical and other public health services; and
- (11) Perform other functions provided by law.

CHAPTER 2—Bureau of Health Services

SEC. 602. *Functions.*—The Bureau shall:

- (1) Develop plans, programs, standards and techniques to prevent and control diseases;
- (2) Provide consultative and advisory services in all aspects of environmental sanitation, maternal and child health, occupational health, and disease control; and
- (3) Perform other functions provided by law.

CHAPTER 3—Bureau of Medical Services

SEC. 603. *Functions.*—The Bureau shall:

- (1) Develop plans, programs and standards relative to hospital services, both government and private.
- (2) Undertake research and studies relating to medical services;
- (3) Recommend to the Minister rules and regulations regarding the construction, management and operations of hospital, clinics and sanitaria; and
- (4) Perform other functions provided by law.

CHAPTER 4—Bureau of Dental Health Services

SEC. 604. *Functions.*—The Bureau shall:

- (1) Develop plans, programs and standards relative to the maintenance of all dental health services in public and private agencies;

- (2) Undertake research, studies and investigations relating to dental health; and
- (4) Perform other functions provided by law.

CHAPTER 5—Bureau of Quarantine

SEC. 605. *Functions.*—The Bureau shall:

- (1) Recommend to the Minister rules and regulations as are necessary to prevent the introduction, transmission or spread of quarantinable or communicable diseases;
- (2) Prevent the entry and spread of quarantinable diseases from abroad or from one port to another;
- (3) Conduct medical examination of aliens for immigration purposes and supervise the sanitation of vessels, aircraft, passengers, crew, cargoes and personal effects;
- (4) Inspect at seaports and airports of entry all incoming vessels and aircrafts from abroad and examine their crew, passengers and cargoes to prevent the introduction of quarantinable diseases;
- (5) Undertake medical examination and vaccination of passengers leaving for abroad;
- (6) Isolate and treat persons sick of any communicable or contagious disease; and
- (7) Perform other functions provided by law.

SEC. 606. *Prohibition on Entries and Imports.*—When there is imminent danger of introducing into the Philippines quarantinable diseases existing in a foreign country and the danger will be enhanced by the entry of persons or cargoes from that country, the Director may recommend to the Minister the issuance of an order prohibiting or suspending the entry of such persons or cargoes.

SEC. 607. *Incoming Clearance Certificate.*—It shall be unlawful for any vessel or aircraft from a foreign country to call at any seaport or airport in the Philippines to discharge its cargo or land its passengers except when

certified by the quarantine officer that the regulations prescribed under this Chapter have been complied with by the vessel or aircraft.

SEC. 608. *Outgoing Clearance Certificate.*—No vessel or aircraft shall leave any seaport or airport of the Philippines for abroad without obtaining a clearance certificate in accordance with quarantine laws and regulations. The certificate shall be a prerequisite to customs clearance for outgoing vessels or aircraft.

CHAPTER 6—*Bureau of Research and Laboratories*

SEC. 609. *Functions.*—The Bureau shall:

- (1) Develop a program for diagnostic and referral laboratory services in the national level and for the production of vaccines, sera, blood plasma and blood products;
- (2) Regulate the operation and establishment of clinical laboratories, blood banks and blood processing laboratories;
- (3) Develop and implement a program for the manufacture and standardization of biological products;
- (4) Develop and implement a program of research in bacteriology, pathology and diagnostic procedures for infections, intestinal, viral and other diseases;
- (5) Establish standards, update and implement the coordinated and integrated public health laboratory system of government and private clinics in accordance with laws; and
- (6) Perform other functions provided by law.

SEC. 610. *Registration and Licensing of Clinical Laboratories.*—Unless duly registered and licensed by the Bureau, no person, firm or corporation shall operate and maintain a clinical laboratory in which body fluids, tissues, secretions, excretions and radio-activity from human beings or animals are analyzed.

SEC. 611. Registration and Licensing of Blood Banks.—No person shall establish or operate a blood bank or blood processing laboratory or collect or process blood unless he is a licensed physician, or sell blood taken from another person, even if authorized by the latter, without first registering and securing a license from the Bureau. In emergency cases, blood transfusion may be allowed if done by a duly licensed physician and in accordance with the standards of blood banking and the complete cross-matching procedure.

SEC. 612. Closure, Suspension or Revocation.—The Director may close, suspend or revoke the license of any blood bank or clinical laboratory for violation of the provisions of existing laws, rules and regulations governing the practice of clinical laboratories and blood banks.

CHAPTER 7—Food and Drug Administration

SEC. 613. Functions.—The Administration shall:

- (1) Formulate policies, programs and plans to insure the safety and quality of foods, drugs and cosmetics;
- (2) Regulate the production, sale and traffic of foods, drugs, and cosmetics to protect the health of the people;
- (3) Undertake the collection of samples of foods, drugs and containers;
- (4) Analyze and inspect foods, drugs and cosmetics;
- (5) Establish analytical data to serve as basis for the preparation of foods, drugs and cosmetic standards and recommend standards of identity, purity, quality and fill of containers;
- (6) Issue certificates of compliance with technical requirements to serve as the basis for the issuance of license, and inspect the operations of food, drug and cosmetic manufacturers and establishments for compliance with regulations;

- (7) Undertake the registration and inspection of food, drug and cosmetic manufacturers, processors, repackers, drug stores, pharmacies and similar establishments and issue licenses for their operations;
- (8) Undertake the registration of foods, drugs, cosmetics and biological products and devices;
- (9) Levy, assess and collect fees and surcharges for inspection and registration of foods, drugs and cosmetic establishments, producers, importers, manufacturers; drugs, cosmetic and biological products and devices; and laboratory and technical services;
- (10) Impose reasonable fines to enforce effectively the provisions of laws, rules and regulations relating to foods, drugs and cosmetics;
- (11) Report to higher authorities matters concerning dangerous drugs;
- (12) Certify batches of antibiotics and antibiotic preparations;
- (13) Regulate the labelling, sale and distribution of dangerous substances;
- (14) Suspend or revoke the license of any food, drug and cosmetic manufacturers and establishments or order their closure for violating the sale of regulated drugs, medicines and similar drugs or the pertinent rules and regulations; and
- (15) Perform other functions provided by law.

SEC. 614. *Investigation and Filing of Criminal Action.*—

(1) Investigations authorized or required by existing laws relating to foods, drugs and cosmetics shall be conducted by the hearing officers of the Administration who shall submit their recommendations to the Administrator.

(2) Whenever any article of food, drug and cosmetic is found to be adulterated or misbranded, the Administrator shall notify offenders who shall be given the

opportunity to be heard before the hearing officers of the Administration.

(3) When a violation of the law, rule and regulation relating to foods, drugs and cosmetics warrants a criminal prosecution, the Administrator shall refer the matter to the proper fiscal or prosecutor for appropriate action.

CHAPTER 8—*Regional Health Offices*

SEC. 615. *Organization.*—The Ministry shall have Regional Health Offices and field offices which shall be organized in accordance with Chapter 5, Book IV of this Code.

SEC. 616. *Rural Health Units.*—(1) There shall be created under the supervision and control of the provincial health officer a rural health unit for every municipality to be composed of at least one rural health physician, one public health nurse, one rural health midwife and one rural sanitation inspector.

(2) In cities where there are rural areas, rural health units of the proper category shall likewise be established under the supervision and control of the city health officer.

(3) Additional health personnel shall be assigned to municipalities with a population of more than ten thousand in accordance with the following guidelines:

(a) One rural health physician for every additional twenty thousand;

(b) One public health nurse for every additional ten thousand;

(c) One rural health midwife for every additional five thousand; and

(d) One rural sanitation inspector for every additional ten thousand.

(4) The Ministry Head may increase or decrease the personnel of the rural health unit as the circumstances may warrant.

SEC. 617. *Confinement and Treatment of Hansenites.*— Persons afflicted with Hansen's disease shall be confined in a government sanitarium when the proper health authority certifies that they need institutional care and treatment but those who do not need confinement may be treated in a government skin clinic or rural health unit.

SEC. 618. *Jurisdiction Over Culion Reservation Sanitaria.*—(1) The Minister shall, through the Regional Director, exercise supervision and control over the Culion Reservation and other sanitaria, particularly with respect to conservation and wise utilization of their natural resources and other facilities.

(2) Upon recommendation of the Regional Director, the Minister shall promulgate rules and regulations for the efficient control, protection and management of reservations and sanitaria and the waters thereof, including approved government projects therein for the economic and social rehabilitation of Hansenites and ex-Hansenites.

SEC. 619. *Establishment of Sanitaria.*—The Minister, upon the recommendation of the Regional Director, may establish sanitaria for Hansenites who need institutional care.

SEC. 620. *Dental Unit.*—(1) There shall be a dental unit in each municipality with a population of not less than fifty thousand to be composed of a public health dentist and a dental aide.

(2) A municipality with a population of over one hundred thousand shall have an additional dental unit.

(3) Two or more adjoining municipalities with less than fifty thousand population each may be grouped to form a dental unit.

(4) The existing rural dental units operating in the regional office financed by national fund shall constitute the nucleus for establishing dental units.

CHAPTER 9—Operation and Maintenance of Government and Private Hospitals.

SEC. 621. *Construction Permit.*—No government or private hospital shall be constructed unless plans have been approved and construction permit issued.

SEC. 622. *Application for Construction Permit.*—Application for permit to construct a hospital shall be submitted to the Minister and accompanied with a plan of the proposed hospital building, stating the name of the hospital, ownership, number of beds proposed to be operated, location and type of the hospital.

SEC. 623. *Minimum Construction Standards.*—(1) No permit to construct a hospital shall be issued unless the plan provides sufficient bed spaces for the proposed bed capacity, a laboratory room, an operating room, work rooms for sterilization, anaesthesia preparation, an X-ray or radiology room, isolation rooms, autopsy room or morgue and adequate toilet facilities.

(2) Wards shall be constructed to provide the departmentalization of clinical services and the segregation of the sexes.

SEC. 624. *Registration and Issuance of License.*—(1) No hospital shall operate or be opened to the public unless it is registered with, and licensed by, the Ministry in accordance with rules and regulations.

(2) Application for initial registration and issuance of the original license for hospital operation and maintenance shall be filed with the Ministry.

SEC. 625. *Inspection.*—Permit to construct, expand, operate and maintain a hospital shall be issued by

the Ministry after an ocular inspection shall have been conducted by its representative and he certifies that the applicant has satisfactorily complied with the requirements prescribed in this Chapter.

(2) Renewal of license to operate and maintain a hospital shall be issued by the regional office upon payment of the prescribed fees.

SEC. 626. Suspension and Revocation of License.—The Minister, upon recommendation of the Regional Director, may suspend or revoke a license on any of the following grounds:

(1) Violation of the provisions of this Chapter or the prescribed rules and regulations; and

(2) Repeated failure to make necessary improvements or adjustments of the facilities as required by the authorities concerned.

SEC. 627. Hearing.—Any person, association, corporation or entity denied a license to operate and maintain a hospital or whose license has been suspended or revoked, may, on request, be granted an administrative hearing by the Regional Director to determine the justifiability of the denial, suspension or revocation of the license. After hearing, the Regional Director shall submit his findings and recommendations to the Minister who may lift the order of denial, suspension or revocation.

SEC. 628. Separate Licenses Required for Branches.—Separate licenses shall be required for branches of hospitals, except separate buildings in the same compound. Permits for construction or alteration of buildings within the same compound shall however be secured to determine compliance with prescribed standards and requirements.

SEC. 629. License not Transferable.—A license for the operation of a hospital shall not be transferable.

SEC. 630. Classification of Hospitals.—The Bureau of Medical Services shall recommend to the Minister the for-

mulation and adoption of a system of classifying hospitals into general or special, service capabilities, size or bed capacity and training and non-training hospitals.

SEC. 631. Fees.—Each applicant for a permit to construct a private hospital shall pay permit, registration and annual fees.

SEC. 632. Hospital Residency.—The term "hospital residency" as used in this Chapter shall embrace the training of physicians for some specialty or sub-specialty in medicine and surgery. The Minister is authorized to designate the hospital for residency training as required in this Chapter.

SEC. 633. Tenure of Residency.—(1) Duly licensed physicians covered by hospital residency shall be appointed for a period of one year renewable every year. The duration of their residency shall be fixed by the Minister. In the computation of the period of residency, the time during which the appointee may have served as resident in any clinical department or section of any government training hospital shall be included. Residents in government training hospitals appointed under this Chapter may be reappointed.

(2) The tenure of residency shall not apply to consultants, specialists, volunteer physicians and those serving in government hospitals without compensation.

SEC. 634. Bed Population Ratio.—The government shall provide at least one free general hospital bed for every one thousand population in each province.

SEC. 635. Special Hospitals.—Special hospitals like the National Mental Hospital, National Orthopedic Hospital, National Children's Hospital, Dr. Jose Fabella Memorial Hospital, and San Lazaro Hospital which are wholly supported by the National Government shall continue to be operated and maintained by the National Government.

SEC. 636. National District Hospitals.—Hospitals designated and categorized as national district hospitals

under the National District Hospital Law, except provincial and city hospitals, shall be financed wholly by the National Government.

SEC. 637. *Operating Costs.*—National district hospitals shall receive an allotment based on their authorized bed capacity at the rate prescribed by the Minister in accordance with the prevailing price index. In establishing new hospitals, the bed capacity shall be determined according to the population of the district, but in no case shall the bed capacity be less than twenty-five beds. Should the annual average percentage of bed occupancy be below sixty-five per cent after three years of operation, the national appropriation may be reduced proportionately by the Minister but the reduction shall not be more than twenty-five per cent.

SEC. 638. *Reclassification.*—A national district hospital whose annual average number of in-patients a day for the past two years has exceeded by ten per cent of its authorized bed capacity shall automatically be classified to the next higher category as far as bed capacity is concerned and shall receive a proportionate increase in allocation.

SEC. 639. *Priority in Allocation of National Funds.*—
 (1) National hospitals shall get priority within the district in the allocation of national funds for the construction, improvement or repairs of their buildings, hospital equipment, supplies, medicines and aids in any form. The appropriations for the construction of national district hospitals which are not yet in operation shall be given priority in the release of funds.

(2) National district hospitals shall follow the standard table of equipment prescribed by the Minister in accordance with their bed capacities.

(3) National hospitals may be established only after national planning, study and recommendation of the Minister.

SEC. 640. *Reallocation of Local Government Contributions.*—Local contribution to national hospitals may be

reallocated by the contributing local government to the other hospitals within the province, otherwise the contribution may be considered as continuing aid to the hospital concerned and may be utilized for the improvement of its facilities but not for salaries and wages of the personnel.

SEC. 641. Financing of Medical Centers and Designated Regional Hospitals.—Medical centers and designated regional hospitals shall be maintained wholly by the National Government at a rate prescribed by the Minister for each bed a day in accordance with the prevailing price index.

SEC. 642. Use of Dead Body for Scientific Purposes.—The body of any deceased person which is to be buried at public expense and unclaimed by next of kin or guardian for a period of seventy-two hours after death may be disposed of by order of the regional director and, subject to regulations prescribed by the Minister, may be devoted to the purposes of medical science and to the advancement and promotion of medical knowledge and information. The regulations shall provide for the decent burial of the remains of the bodies and for defraying the necessary expenses incident thereto. Except as herein provided, it shall be unlawful for any person to make use of any dead body for any scientific investigation.

SEC. 643. Authority of Chiefs of Government Hospitals to Perform Autopsy.—In the interest of science and with the consent of the next of kin or guardian, chiefs of government hospitals or their representatives may perform autopsies on cadavers of persons when the cause of death is undetermined or when death is due to, or accompanied by, a dangerous communicable disease, before the cadavers are released to the parties with legal right to their custody.

SEC. 644. Use of Human Organs for Medical, Surgical or Scientific Purposes.—(1) Any person may validly grant to a licensed physician, surgeon, known scientist, any medical scientific institutions, eye banks or other similar institutions, authority to detach at any time during the grantor's life or after his death any organ or part of his body and to utilize it for medical, surgical or scientific purposes.

(2) The authorization must be in writing, must specify the person or institution granted the authorization, the organ, part or parts to be detached, the specific use to which they are to be employed, and must be signed by the grantor and at least two disinterested witnesses.

(3) A married woman may grant the authority without the consent of the husband.

(4) After the death of a person, authority to use any portion of his body for medical, surgical or scientific purposes may also be granted by the next of kin or guardian or, in the absence thereof by the head of hospital or institution having custody of the body of the deceased, after the head of hospital or institution has exercised reasonable efforts and diligence to locate the guardian or next of kin of the deceased.

(5) It shall be unlawful for any person, hospital or institution to detach any organ or portion of the body of a person dying of a dangerous communicable disease even if the organ or portions of the human body may be used for medical or scientific purposes without his written permission, or that of his next of kin or guardian.

CHAPTER 10—Attached Agencies

SEC. 645. *Functions and Duties.*—The agencies attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the duties and functions assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE X—MINISTRY OF TRADE

CHAPTER 1—General Provisions

SEC. 646. *Declaration of Policy.*—Government efforts shall be directed to optimize the socio-economic development

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TITLE X—MINISTRY OF TRADE

CHAPTER 1—General Provisions

SEC. 646. Declaration of Policy.—Government efforts shall be directed to optimize the socio-economic develop-

ment in the field of commercial activities by effective domestic trading and marketing and by vigorous export promotion to generate foreign exchange.

SEC. 647. *Organization.*—(1) The Ministry of Trade, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Trade who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall have regular services provided in Chapter 3 of Book IV of this Code and a legal service.

(3) The Trade Assistance Center shall be a unit in the Office of the Minister. It shall be responsible for the development of marketing assistance programs for the promotion of small and medium-scale producers, farmers and enterprises including the formulation of work programs and implementing guidelines for such, including the evaluation thereof.

(4) The Bureau of Domestic Trade, the Bureau of Foreign Trade, the Philippines Bureau of Products Standards, the Bureau of Fiber Inspection Service and the Philippines Patent Office shall be under the supervision and control of the Ministry, and they shall be organized in accordance with Chapter 4 of Book IV of this Code.

(5) The Price Stabilization Council shall be under the administrative supervision of the Ministry.

(6) The Philippine International Trading Corporation, the Metric System Board, the Design Center Philippines, the Philippine Shippers' Council, the National Cottage Industry Development Authority, the Nacida Bank, the Cottage Industry Development Council, the Cottage Industry Development Enterprise, the Philippine Export Credit Insurance and Guarantee Corporation, and the Permanent Committee for the implementation of the Philippine-Indonesia Agreement on Economic and Technical Co-operation shall be attached to the Ministry.

SEC. 648. *Functions.*—The Ministry shall:

- (1) Promote, develop, expand, regulate and control foreign and domestic trade;
- (2) Consolidate and coordinate all functions and efforts pertaining to the promotion of exports and the development of foreign trade;
- (3) Maintain reasonable allocation and distribution as between domestic and export market through export regulation and other schemes and measures to ensure price stability and supply availabilities of essential commodities in the local market;
- (4) Regulate the importation of essential consumers and producers items to maintain their fair and competitive prices to end-producers;
- (5) Regulate marketing and distribution of trade commodities to ensure their economic and steady flow from producers and marketing centers to areas in short-supply, through the support of centralized buying operations, terminal markets and large-scale and economical distribution systems organized by the public or private sector;
- (6) Supervise, coordinate and maintain the operation of Philippine Centers and Philippine Houses abroad;
- (7) Resolve issues or conflicts arising from simplified export producers; and
- (8) Perform other functions provided by law.

SEC. 649. *Functions of the Legal Service.*—The Legal Service shall provide the Ministry with legal advice relating to laws and rules affecting the operation of the Ministry, investigate charges against the personnel thereof, draft contracts and instruments involving the Ministry, and perform such other duties as may be assigned to it by the Minister.

CHAPTER 2—Bureau of Domestic Trade

SEC. 650. Functions.—The Bureau shall:

- (1) Consolidate all functions pertaining to local commerce and the protection of the consuming public;
- (2) Implement laws relating to the promotion and regulation of retail trade and other businesses of Filipino citizens;
- (3) Stimulate domestic commerce, establish trade relationships among businessmen, and encourage the organization of merchant groups among Filipinos engaged in different lines of business;
- (4) Administer the licensing of commercial and ship brokers and real estate salesmen, brokers and appraisers, and consultants except brokers for stocks and securities and owners and/or operators of general warehouses for the storage of commodities except grains, cereals and except regional warehouses of multinational corporations which shall be governed by PD 1419;
- (5) Administer the registration of business names, private merchants and bulk sales documents;
- (6) Enforce laws on monopolies and trade practices in restraint of trade, mislabeling and product misrepresentation, fraudulent advertising, sales promotion campaigns, price tagging and other unfair trades practices and consumer protection in general in coordination with other relevant agencies;
- (7) Extend assistance to the different regions, provinces and districts of the country in the promotion of local commerce; and
- (8) Perform other functions provided by law.

CHAPTER 3—Bureau of Foreign Trade

SEC. 651. Functions.—The Bureau shall:

- (1) Promote exports and develop, expand and regulate foreign trade, and consolidate all functions and efforts pertaining to their promotion;

- (2) Conduct researches and studies for the development, promotion and expansion of export products;
- (3) Administer, supervise and implement the foreign trade policies and the specific plans and programs on export services, trade relations, information and promotions as contained in the National Export Strategy;
- (4) Coordinate the activities and functions of government agencies involved in the administrative processing of export documents and assist in the simplification of export procedures and documentation;
- (5) Promote exports through participation in international fairs and expositions, establishment of Philippine Trade Houses, the organization of trade missions to selected countries and the coordination of incoming missions;
- (6) Initiate and supervise the organization of joint export marketing groups, export trading corporations and other forms of cooperative export marketing arrangements;
- (7) Develop and maintain a centralized information system to service the foreign trade information requirements of the local business sector;
- (8) Conduct systematic international publicity campaigns to create awareness for Philippine exports and export-oriented industries;
- (9) Organize commercial arbitration facilities to assist local businessmen involved in international trade disputes;
- (10) Undertake or cause to be undertaken the regulation of exports in selected areas of foreign trade to rationalize the orderly marketing arrangements for Philippine products;
- (11) Undertake measures to establish trade relations with other countries, and assist the Ministries in the supervision of the operations of commercial offices established overseas by the government; and
- (12) Perform other functions provided by law.

SEC. 652. *Commercial Attachés and Analysts.*—Subject to Civil Service Law, rules and regulations, the Minister of Trade shall, in consultation with the Ministry of

Foreign Affairs as to the actual need for opening attaché services, appoint qualified persons to positions of commercial attaché and analyst. All commercial attachés and analysts shall be under the supervision and control of the Bureau, but during their tour of duty abroad they shall be under the immediate control and administrative supervision of the chief of mission where they are assigned. They shall course their reports to the Bureau through the chief of mission and clear with him all their public pronouncements at the diplomatic post, and all documents and papers they send to the bureau shall be coursed through the diplomatic pouch.

SEC. 653. *Foreign Commercial Posts.*—The Director shall periodically study the existing structure of foreign commercial posts, their sizes and operations and may recommend to the Minister of Trade, with the prior approval of the Chief of Mission, to close, change, reinforce or reorganize them taking into consideration the actual status and potentials for trade with the receiving state, the commercial significance of the post concerned, and other cost-benefit considerations.

CHAPTER 4—Philippines Bureau of Products Standards

SEC. 654. *Functions.*—The Bureau shall:

- (1) Establish national standards for all products intended for domestic and foreign markets, and implement such standards, except export product standards assigned to specialized commodity agencies;
- (2) Inspect and certify all imported products in accordance with established national standards or relevant international standards and buyer-seller specifications, provided the same do not affect health, life and property; and confiscate or seize products not conforming to these standards for the disposal of the government;
- (3) Draw up standards which may be in the form of product specification, method of test or analysis, sampling

method, symbols and terminology, and code of practice, particularly for products for which no standards have been fixed by law or regulations;

(4) Draw up public standards and disseminate the information to producers, manufacturers, consumers and other interested parties to maintain a fair and healthy competition with their foreign counterparts;

(5) Conduct researches and studies for the formulation of new standards and the improvement of existing standards, to ensure that such standards are in accordance with the latest scientific and technological developments, and set up laboratories for product standardization;

(6) Fix and collect reasonable fees for services rendered relating to its functions and issue certificates of inspection and commodity clearance for all products, except export products covered by specialized commodity agencies;

(7) Maintain working standards for the different units of measurement, and conduct calibration of measuring instruments used in trade and commerce;

(8) Conduct training on standardization, quality control and metrology;

(9) Investigate to determine the nature of organization and business methods of any entrepreneur, person, corporation, association, partnership or firm engaged in the manufacture, marketing and distribution of all products; and for this purpose, the Director or his authorized representative is empowered to take or receive evidence on matters of official business relating to the exercise of his functions;

(10) Issue with the approval of the Minister of Trade, rules and regulations, circulars and instructions to carry out its functions;

(11) Provide incentives in the promotion or adoption of standardization; and

(12) Perform other functions provided by law.

SEC. 655. Determination and Accreditation.—In coordination with specialized government commodity agencies, the Bureau shall be the sole agency responsible for determining and establishing standards for export commodities. Where a specialized government commodity agency is empowered to formulate commodity standards in accordance with its charter and, in view of the technical expertise available therein on products falling under its jurisdiction, it shall continue to do so and submit such standards for accreditation to the Bureau.

SEC. 656. Clearance for Exports or Imports.—No customs export entry, import entry, declaration, release certificate, manifest, clearance, import permit, or permit to ship abroad or discharge shall be issued for any of the products within the purview of this Chapter or for any imported commodity, until its standards shall have been certified by the director or his duly authorized representatives as conforming to the applicable standard, unless otherwise provided by law.

SEC. 657. Failure to Comply with Summons.—Any person who fails or refuses to comply with summons or *subpoena* or *subpoena duces tecum* of the Director or his duly authorized representative, or refuses to answer pertinent questions or gives false or misleading data or information or willfully conceals material facts in any investigation made pursuant to the provisions of this Chapter, shall upon conviction, be punished by a fine of not less than five hundred but not more than one thousand pesos, or by imprisonment of not less than six months nor more than two years. If the offender is an alien, he shall be deported after serving the entire period of his imprisonment. If the false or misleading data or information shall have been given under oath, the maximum penalty for giving false testimony shall be imposed.

SEC. 658. Sale of Standardized Products.—No products for which a standard has been established shall be exported, sold or disposed of unless its standard has been certified by the Director or his authorized representatives. Pro-

ducts not conforming to a standard shall be seized or confiscated for the disposal of the government.

SEC. 659. *Government Purchase.*—Before any government agency or instrumentality, including government-owned or controlled corporation, purchases any of the standardized products, and before any producer, manufacturer or dealer sells any of the standardized products to such agencies, the same shall be inspected and sampled to determine if the products satisfy the established standard.

SEC. 660. *Shipment in Small Quantity.*—No certificate of inspection and standard shall be required for small quantity shipments and where the product is not for sale but for private use or as samples only. The term "small quantity" shall be defined in the rules and regulations of the Bureau.

SEC. 661. *Tests and Analysis.*—Physical, biological, or chemical tests or analysis for the examination of products under the provisions of this Chapter may be undertaken in any branch of the government, or any private laboratory having facilities for the purpose until such time as the Bureau may have its own facilities.

SEC. 662. *Duty of Collector of Customs.*—It shall be the duty of all collectors of customs to enforce the prohibitions of the Bureau on the exportation and importation of any product.

CHAPTER 5—*Bureau of Fiber Inspection Service*

SEC. 663. *Functions.*—The Bureau shall:

(1) Determine the official standards for the various commercial fibers produced in the Philippines, and maintain and enforce a uniform classification of Philippine commercial fibers for domestic or foreign markets;

(2) Regulate and control grading establishments and classify them based on the number of bales pressed annually, and issue permits for grading and baling of fibers for local or foreign markets, upon payment of the annual fees prescribed by law;

(3) Undertake studies for the accurate determination of the physical and chemical properties of fibers for standard formulation and for the maintenance of standards and quality control;

(4) Maintain and enforce reasonable allocation and distribution as between domestic and export markets through export retention, export regulation and other scheme and measures to ensure price stability and supply availability of the various kinds, types and grades of Philippine fibers in the local market;

(5) Regulate the importation of other substitutable fibers or raw materials for fiber into the country, whether man-made or natural fibers, to encourage the development of domestically grown fibers, protect and maintain the fair and competitive prices of our natural fibers and promote the interests of our fiber producers and processors;

(6) Maintain adequate equipment and facilities for the accurate determination of color values in fibers, their breaking strength and other forms of wear and tear; and promote the use of fibers for local manufacturers and home industry as a means to stabilize the markets and ensure adequate returns for fiber producers;

(7) Gather and collect data on fiber balings and shipments by grade, districts of production, ports of destination and prices to guide producers; observe fiber trading and traffic of loose commercial fibers in the different fiber-producing regions and prevent misdeclaration of origin of production of the different kinds of fibers;

(8) Conduct systematic and intensive campaigns towards the improvement of the quality of fibers and the materials of production; undertake scientific, industrial and economical researches on fibers to expand their utilization; and survey foreign markets to expand exports;

(9) Provide direct technical assistance or referral to producers, traders, manufacturers, importers and exporters interested in the fiber trade and industry;

(10) Recommend and coordinate with other government and private agencies in the production of fiber-producing plants discovered for their potential uses which are indigenous to the country;

(11) Collect and receive inspection fees prescribed by law or which may be fixed by the rules and regulations issued in accordance with law; and

(12) Perform other functions provided by law.

SEC. 664. Grading, Baling and Inspection.—After the official standards have been established, no fiber shall be utilized locally or exported unless the same has been graded, baled, inspected, approved and certified, except that baling may be optional for domestic consumption.

SEC. 665. Inspection of Premises.—The fiber inspector or other persons acting under his authority shall, within his jurisdiction, have free access to any grading or baling sheds and warehouses of any establishment or entity to conduct inspection for purposes of satisfying himself as to the propriety of the methods used and to see to it that the standards are maintained within specified periods.

CHAPTER 6—Philippines Patent Office

SEC. 666. Functions.—The Office shall:

(1) Administer the patent and trademark laws as they relate to the granting of letters patent for inventions, industrial designs and utility models, registration and trademarks;

(2) Grant letters patent for inventions, industrial designs and utility models as well as register trademarks and containers of beverages and compressed gases;

(3) Adjudicate all cases filed with the office concerning patents and trademarks;

- (4) Publish issued patents and trademarks, decisions and notices concerning patents and trademarks;
- (5) Maintain a science-law library and an information retrieval system to provide research facilities for use of patent attorneys, agents, inventors, scientists, researchers and students;
- (6) Preserve all records and documents concerning issued patents and registered trademarks and other documents related thereto;
- (7) Promulgate with the approval of the Minister of Trade, rules and regulations relating to patents and trademarks; and
- (8) Perform other functions provided by law.

SEC. 667. Disqualifications of Officers and Employees.—All officers and employces of the Office shall not, during their employment therein and for one year thereafter, apply for a grant of patent or for the registration of a trademark, tradename, service mark and other name, mark and container of beverages and compressed gases, or acquire directly or indirectly, except by hereditary succession, any patent, trademark, trade name, or service mark or marks, or names and containers of beverages and compressed gases registration, or any right, title or interest therein. This prohibition shall not apply where the officer or employee, within one year after the termination of his employment in the Office, merely makes the application for patent or registration in his capacity as counsel or agent.

SEC. 668. Technical and Scientific Assistance.—The Director may obtain the assistance of technical, scientific or other qualified officers or employces of other agencies of the government, including government-owned or controlled corporations in the consideration of any matter submitted to the Office.

SEC. 669. Publication in the Official Gazette.—There shall be published in the Official Gazette a suitable view of the

drawing and a representative claim or abstract of the subject matter of each patent issued, the rules and regulations duly promulgated and the amendments thereto, notices and decisions required under this Chapter and laws relating to patents, trademarks, tradenames and service marks and other matters within the jurisdiction of the Office as may be useful to the public.

SEC. 670. *Gazette of the Philippines Patent Office.*—The Office may publish its own gazette to be called the Philippine Patent Gazette.

SEC. 671. *Exchange of Copies of Patents and Publications.*—The Director may exchange copies of specifications and drawings of Philippine letters-patent for those of foreign countries and other publications.

SEC. 672. *Procedure on Disposition of Cases.*—The rules and regulations promulgated by the Director shall, with the approval of the Minister of Trade, apply in all cases involving interference, compulsory licensing, cancellation, opposition and public use. The Rules of Court shall apply in a suppletory character.

CHAPTER 7—*Agency Under Administrative Supervision and Attached Agencies*

SEC. 673. *Functions and Duties.*—The Price Stabilization Council which is under the administrative supervision of the Ministry, the various authorities, corporations, boards, councils, enterprises and agencies which are attached to the Ministry under Chapter 1 of this Title shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE XI—MINISTRY OF SOCIAL SERVICES AND DEVELOPMENT

CHAPTER 1—General Provisions

SEC. 674. *Declaration of Policy.*—The social economic development of disadvantaged families, groups and individuals to enable them to attain a more meaningful, productive and decent way of life and better standards of living, shall be the concern of the State.

SEC. 675. *Organization.*—(1) The Ministry of Social Services and Development, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Social Services and Development who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall have regular services provided in Chapter 3 of Book IV of this Code, and a Training and Information Service to train social workers for career and staff development and for dissemination of information.

(3) The Bureau of Family and Child Welfare, the Bureau of Youth Welfare, the Bureau of Rehabilitation and the Bureau of Assistance shall be under the supervision and control of the Ministry and they shall be organized in accordance with Chapter 4 of Book IV of this Code.

(4) The Ministry shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

(5) The Philippine Charity Sweepstakes Office shall be attached to the Ministry.

SEC. 676. *Functions.*—The Ministry shall:

(1) Formulate, develop and implement plans and programs in the field of social services and development;

- (2) Set standards and adopt policies to ensure effective implementation of programs for public and private social services;
- (3) Undertake researches and studies on matters pertaining to family life, the social needs of children and youth, the disabled and handicapped adults and other individuals or groups with special needs, the distressed and displaced persons and the cultural communities;
- (4) Initiate and administer pilot/special social service projects for demonstration and implementation on a nationwide basis;
- (5) Accredit institutions and organizations engaged in social service activities and provide consultative services to them;
- (6) Authorize and regulate public solicitations and fund drives for charitable, welfare or civic purposes and issue solicitation permits for each purpose;
- (7) Provide consultative services and develop and implement training standards and programs for personnel, social workers and students and third-country participants for career and staff development;
- (8) Disseminate information and publish technical bulletins relative to social services;
- (9) Coordinate government and voluntary efforts in social services to avoid duplication and overlapping of functions and responsibilities in social services;
- (10) Establish, administer and maintain facilities for child, youth and adult caring institutions and welfare centers; and
- (11) Perform other functions provided by law.

CHAPTER 2—*Bureau of Family and Child Welfare*

SEC. 677. *Functions.*—The Bureau shall:

- (1) Formulate and develop plans and programs on all aspects of family welfare, and prescribe ways and means for the development of family welfare programs;

(2) Advise and assist in the implementation of: (a) social welfare services which shall promote the social and economic development of needy and low-income families, enhance family solidarity, and develop responsible parenthood, family planning awareness, social consciousness and civic responsibility; and (b) programs for the care, protection, training, rehabilitation and social development of abused, abandoned, neglected and handicapped children; and

(3) Perform other functions provided by law.

CHAPTER 3—Bureau of Youth Welfare

SEC. 678. *Functions.*—The Bureau shall:

(1) Formulate and develop plans and programs for the economic and social development of the needy and disadvantaged youth;

(2) Provide consultative service and assistance in the implementation of development services to youth through comprehensive and diversified services for pre-delinquents, delinquents, drug addicts, mentally retarded, out-of-school youth and those with behavioral, emotional or social relationship problems with emphasis on their social adjustment and preparation in economically productive activities; and

(3) Perform other functions provided by law.

CHAPTER 4—Bureau of Rehabilitation

SEC. 679. *Functions.*—The Bureau shall:

(1) Formulate and develop plans and programs on rehabilitation services, with emphasis on vocational training for the physically disabled, mentally handicapped, socially disadvantaged women, alcoholics, drug addicts, mendicants, negative hansenites, released prisoners and needy senior citizens;

- (2) Establish and administer rehabilitation programs of substitute homes and demonstration projects;
- (3) Establish treatment and rehabilitation centers for drug dependents in cooperation with other government agencies; and
- (4) Perform other functions provided by law.

CHAPTER 5—Bureau of Assistance

SEC. 680. *Functions.*—The Bureau shall:

- (1) Formulate and develop plans and programs on all aspects of relief and rehabilitation activities for victims of natural calamities and social disorganization;
- (2) Administer and implement those plans and programs and render assistance to victims of natural disasters and calamities; assist victims in areas facing unusual or critical, social and cultural upheavals; and help in the relocation of squatters;
- (3) Render other kinds of assistance to the needy or depressed persons, and implement food and relief programs;
- (4) Assist in the integration of cultural population into the national community; and
- (5) Perform other functions provided by law.

CHAPTER 6—Fund Drives and Social Work Agencies

SEC. 681. *Solicitation.*—No public solicitation or fund drives shall be undertaken by any person, corporation, organization or association for charitable or general welfare purpose without first securing the corresponding permit from the Ministry.

SEC. 682. *Social Work Agency.*—(1) No social work agency shall operate and be accredited as such unless it is registered with the Ministry which shall issue the corresponding certificate of registration.

(2) Upon showing that a proposed social work agency has initially complied with the rules and regulations of the Ministry on the operation and management required of a social work agency, a temporary permit to operate the same may be issued for a period of three months, after which the agency shall cease to operate, until a certificate of registration is first secured from the Ministry which shall be issued only upon compliance with the following requirements:

- (a) The applicant must be engaged mainly or generally in social work activity or social services;
- (b) The applicant employs sufficient number of duly qualified and registered social workers to supervise and take charge of its social service functions in accordance with accepted social work standards;
- (c) The applicant shows a duly certified financial statement that at least sixty percent of its funds are disbursed for direct social work services; and
- (d) The applicant keeps a social work record of all cases and welfare activities handled by it.

SEC. 683. *Child Welfare Agency.*—(1) No person, natural or juridical, shall establish any child welfare agency without first securing a license from the Ministry.

(2) The work of all registered and licensed child welfare agencies shall be supervised and coordinated by the Ministry.

SEC. 684. *Foster Homes.*—No foster homes, day care centers and other substitute parental arrangements shall operate unless they are first registered and licensed by the Ministry.

CHAPTER 7—Attached Agency

SEC. 685. *Functions and Duties.*—The Philippine Charity Sweepstakes Office shall continue to operate in accordance with its organizational structure and perform the functions and duties assigned to it by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE XII—NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

CHAPTER 1—General Provisions

SEC. 686. *Declaration of Policy.*—Continuing and fully integrated social and economic plans and programs shall be developed and maintained as bases for co-ordinated public and private efforts towards socio-economic development.

SEC. 687. *Organization.*—(1) The National Economic and Development Authority, hereafter referred to as the NEDA, shall consist of the NEDA Board and a technical staff as hereinafter provided.

(2) The NEDA shall have under its administrative supervision the National Census and Statistics Office, the National Tax Research Center, the Tariff Commission and the Reparations Commission.

(3) The following agencies and entities are attached to the NEDA: the committees mentioned in Chapter 5 of this Title, Development Bank of the Philippines, Government Service Insurance System, Philippine National Bank, Philippine Veterans Bank, Social Security System, Laguna Lake Development Authority, Bicol Development Company, Leyte-Sab-a Basin Development Authority, Mindoro Development Board, Northern Samar Development Authority, Panay Development Authority, Southeastern Samar Development Authority, Philippine Deposit Insurance Corporation, Philippine Institute for Development Studies and Development Academy of the Philippines.

SEC. 688. *Functions.*—The NEDA shall:

(1) Advise the President/Prime Minister on matters concerning the status and progress of the economy;

(2) Formulate, in consultation with the private sector, local government units and other appropriate government agencies, definite and consistent long-range and annual

economic and social development plans and programs which, when approved by the President/Prime Minister and the National Assembly shall govern the activities of and be implemented by the ministries, other government agencies and government-owned or controlled corporations;

(3) Recommend to the National Assembly the reservation to citizens of the Philippines or to corporations or associations wholly owned by such citizens, certain traditional areas of investments when the national interest so dictates and the increase over 100,000 hectares in the area of timber or forest lands and other timber or forest resources which a private corporation or association may hold by lease, commission, license or permit;

(4) Coordinate the formulation and implementation of national policies on fiscal, budgetary, monetary, credit, tariff, investment, production, price, manpower and trade matters by bringing them together and integrating them into a consistent set of general development objectives, priorities, plans and programs;

(5) Coordinate the formulation and implementation of policies related to problems of rapid population growth, in collaboration with the Commission on Population; the formulation and implementation of policies relating to land use and national water resources use; and the implementation of approved national, sectoral and regional development plans and programs;

(6) Coordinate and integrate foreign economic aid and technical assistance programs from United Nations economic agencies, international and regional economic organizations, foreign governments and private organizations dealing with the government and its agencies and instrumentalities;

(7) Establish and maintain working relationships with the various international financial institutions and assist government and private entities in tapping foreign resources for credit or other forms of assistance;

(8) Establish priorities and programs in the utilization of public funds, manpower resources and equipment;

(9) Analyze, coordinate and, with the approval of the President/Prime Minister, initiate major capital projects requiring the utilization of funds available to the Government;

(10) Provide the necessary staff work for consistent day-to-day decisions affecting economic development;

(11) Operate and maintain a physical facility in which shall be available current status reports of all major economic development programs to provide the President/Prime Minister with the necessary information for decision-making;

(12) Coordinate statistical activities of all government agencies, formulate statistical standards and methodology, prescribe their use by government agencies, and prepare the national income accounts;

(13) Provide policies which shall serve as the broad framework for the investment and financial policies, plans and programs of government financial institutions and other government-owned or controlled corporations attached to the NEDA;

(14) Examine, review, modify or approve operating and capital budgets of government-owned or controlled corporations attached to the NEDA which incurred operating deficits in the preceding fiscal year;

(15) Review and recommend to the President/Prime Minister for approval the Investment Priorities Plan, the Export Priorities Plan and Public Utilities Plan, prepared by the Board of Investments, the Agricultural Investment Priorities Plan prepared jointly by the Board of Investments and the Ministry of Agriculture, the Tourism Priorities Plan prepared by the Ministry of Tourism and Tourist Zone Development Plans and the Plans for Tourism Projects prepared by the Philippine Tourism Authority; and

(16) Process and act upon foreign scholarships, fellowships and training grants that are available to the private sector; and

(17) Perform other functions provided by law or assigned by the President/Prime Minister.

CHAPTER 2—*The NEDA Board*

SEC. 689. *Composition.*—The NEDA Board shall be composed of the President/Prime Minister, as Chairman; and the Minister of Economic Planning, Minister of Finance, Minister of Human Settlements, Minister of Foreign Affairs, Minister of Justice, Minister of Agriculture, Minister of Trade, Minister of Public Works, Transportation and Communications, Minister of National Defense, Minister of Labor, Minister of Education and Culture, Minister of Industry, Minister of Natural Resources, Minister of Public Highways, Minister of Energy, Minister of the Budget and the Governor of the Central Bank, as members.

SEC. 690. *Functions.*—The NEDA Board shall:

- (1) Review and recommend long-range and annual economic and social development plans and programs for adoption and approval by the President/Prime Minister;
- (2) Review and recommend socio-economic policies for adoption and approval by the President/Prime Minister;
- (3) Develop guidelines and adopt measures for coordination of development efforts of the various agencies, offices and instrumentalities of the government;
- (4) Adopt policies to carry out the goals and objectives of the NEDA;
- (5) Approve the Annual Economic Report as prepared and submitted by the Director-General of the NEDA; and
- (6) Perform other functions provided by law or assigned by the President/Prime Minister.

SEC. 691. *Meetings of the Board.*—(1) The NEDA Board shall meet at least once a month or as often as may be necessary to discharge its responsibilities effectively.

(2) The presence at a meeting of a majority of the members shall constitute a quorum. However, the Board may adopt such internal procedures as may be necessary to facilitate action on matters pending before it.

SEC. 692. *Decisions of the Board.*—The Board shall make its decisions by consensus concurred in by the President/Prime Minister.

SEC. 693. *Sub-Committees of the Board.*—The President/Prime Minister, as Chairman of the Board, shall create such sub-committees as may be necessary to attend to special programs and projects, particularly those relating to the participation of the private sector in the development process.

SEC. 694. *Review by NEDA Board.*—(1) Unless otherwise provided by law, the rule-making and adjudicatory actions of an agency under the administrative supervision of the NEDA shall be subject to review by or appeal to the NEDA Board for the purpose of insuring consistency of the rules and regulations promulgated or decisions rendered by such agency with the approved policies, plans and programs.

(2) Decisions of the NEDA on review or appeal shall be final.

CHAPTER 3—*The NEDA Technical Staff*

SEC. 695. *Composition.*—(1) The NEDA Technical Staff shall be headed by a Director-General who shall also hold the title of Minister of Economic Planning and be assisted by one Deputy Director-General, except as may otherwise be provided for by law.

(2) It shall have, among others, a Planning and Policy Office, a Programs and Projects Office, a Statistical Co-ordination Office, an Operations Office and such regional offices as may be provided by law.

SEC. 696. *Powers and Duties of Director-General.*—The Director-General shall:

- (1) Serve as the Chief Executive Officer of the NEDA and, as such, direct its overall operations and exercise supervision and control over all offices and units under it;
- (2) Appoint and exercise supervision and control over the administrative and technical personnel of the NEDA;
- (3) Prepare, in consultation with the Chairman, the agenda for the meetings of the NEDA Board;
- (4) Transmit to the President/Prime Minister the policies, plans, programs and projects adopted by the NEDA Board which require his attention or approval, including the Annual Economic Report and such periodic reports as may be necessary;
- (5) Advise the President/Prime Minister on national, economic and development matters and decisions in accordance with the policies adopted by the NEDA Board, including the promulgation of the necessary executive issuances relative thereto;
- (6) Establish the standards for the operation of the NEDA pursuant to the policies adopted by the NEDA Board and the President's/Prime Minister's program of government;
- (7) Publish plans, programs, decisions, rules, researches, studies and other matters related to the activities of the NEDA; and
- (8) Perform other functions provided by law or assigned by the President/Prime Minister and the NEDA Board.

SEC. 697. *Duties of Deputy Director-General.*—The Deputy Director-General shall:

- (1) Serve as Assistant Executive Officer of the NEDA;
- (2) Assist the Director-General in providing staff assistance and advice to the President/Prime Minister on

economic and other development matters and in the overall direction of the NEDA's operations;

- (3) Serve as deputy to the Director-General in all matters relating to the operations of the NEDA; and
- (4) Perform other duties provided by law or as may be assigned by the Director-General.

SEC. 698. *Regional Offices*.—The regional offices shall:

- (1) Assist the regional development councils in preparing and updating long-range and annual socio-economic development plans for the region;
- (2) Conduct continuing research on the social, economic and cultural development of the region; and
- (3) Assist in coordinating the planning activities of the sectoral ministries of the National Government existing in the region in relation to those of the local governments and local planning boards.

CHAPTER 4—*Regional Development Councils*

SEC. 699. *Organization*.—(1) There shall be a Regional Development Council in each of the administrative regions of the country.

(2) The Regional Development Council, hereinafter referred to as the RDC, shall consist of the Council Proper, the Executive Committee and the Technical Staff which shall also provide secretariat support to the Council Proper and the Executive Committee.

(3) The RDC shall be composed of the following: The governors of provinces and the mayors of chartered cities comprising the region; the Regional Director of the Bureau of Public Works of the Ministry of Public Works, Transportation and Communications; the Regional Directors of the Ministries of Agriculture, Agrarian Reform, the Budget, Human Settlements, Public Highways, and the

Labor, Education and Culture, Health, Social Services and Development, and Local Government and Community Development; the general managers of the regional and sub-regional development authorities existing in the region, if any; the President of the Pampook na Katipunan ng mga Barangay as certified to by the Minister of Local Government and Community Development or his representative and the NEDA Regional Executive Director.

(4) The President/Prime Minister shall designate the Chairman of the RDC from among the provincial governors and city mayors who are members of the RDC.

(5) The NEDA Regional Executive Director shall serve as the permanent Vice-Chairman of the RDC.

(6) The RDC may, by appropriate resolution, accept other regional directors as regular members of the Council and the executive committee. Furthermore, other regional directors and officials may sit in meetings of the Council Proper upon its invitation.

SEC. 700. Functions.—The RDC shall be responsible for translating national development goals into specific regional objectives and for formulating and adopting development plans for the region. It shall also coordinate all planning and programming activities of both national and local entities at the regional level.

SEC. 701. RDC Executive Committee.—(1) The RDC shall be assisted by an Executive Committee to be composed of the NEDA Regional Executive Director who shall be the Chairman, and the following as members: Regional Directors of the Ministry of Public Highways, the Bureau of Public Works, the Ministry of Agriculture, the Ministry of the Budget, the Ministry of Human Settlements, the Ministry of Local Government and Community Development and the Ministry of Agrarian Reform; two representatives of the elective members of the Council Proper and the general managers of the regional or sub-regional development authorities existing in the region, if any.

(2) The Executive Committee, shall, among others, review and recommend for adoption by the Council Proper regional plans, programs, policies and guidelines; review annual regional economic reports prepared by the technical staff for the consideration of the Council; provide guidelines for the operations and activities of the technical staff; and act and decide on matters referred by the technical staff for its consideration.

SEC. 702. RDC Technical Staff: The NEDA Regional Office.—The NEDA Regional Office shall serve as the technical staff of the RDC. It shall provide technical assistance to local development planning staffs, identify research areas for regional development, and perform such other functions as may be assigned by the Executive Committee, or by the Council Proper.

CHAPTER 5—*Inter-departmental Bodies*

SEC. 703. Organization.—In order to facilitate the performance by the NEDA of its functions, the following inter-departmental committees are attached to it: (1) the Development Budget Coordination Committee; (2) the Investment Coordination Committee; (3) the Statistical Advisory Board; (4) the National Council on Integrated Area Development; (5) the Committees on Social Development, Trade, Tariff and Related Matters, Infrastructure, and Statistical Development; and (6) the Committee on ASEAN Economic Cooperation.

SEC. 704. Development Budget Coordination Committee.

—(1) The Development Budget Coordination Committee shall be composed of the Minister of the Budget, as Chairman, and the NEDA Director-General, the Minister of Finance and the Governor of the Central Bank, as members. It shall have a technical staff consisting of employees from the agencies represented therein.

(2) The Committee shall:

- (a) Establish the level of the annual government expenditure program;
- (b) Establish the ceiling of government spending for economic and social development, national defense, general government and debt service;
- (c) Determine the proper allocation of expenditures for each development activity between current operating expenditures and capital outlays, but not more than eighty-five percent of the total annual government expenditure program shall be allocated for current operating expenditures, and at least fifteen percent for capital outlays;
- (d) Allocate the amount set for capital outlays under each development activity for the various capital or infrastructure projects;
- (e) Assess the reliability of revenue estimates;
- (f) Recommend appropriate tax or other revenue measures and the extent and type of borrowings;
- (g) Conduct periodic review and general examination of costs, accomplishments and performance standards applied in undertaking development projects; and
- (h) Perform other functions provided by law.

SEC. 705. *Investment Coordination Committee.*—(1) The Investment Coordination Committee shall be composed of eleven members with the Minister of Finance as chairman; the Director General of the National Economic and Development Authority as Co-Chairman; the Chairman of the Board of Investments as vice-chairman; the Governor of the Central Bank, the Chairman of the Development Bank of the Philippines, the President of the Philippine National Bank, the President of the Land Bank of the Philippines, the President of the Philippine Amanah Bank, the President and General Manager of the Government Service Insurance System, the Administrator of the Social Security System and the Minister of the Budget, as members. The NEDA

shall extend administrative and technical support to the Committee.

(2) The Committee shall:

(a) Formulate and coordinate the investment policies of government financial institutions to implement approved development plans and programs;

(b) Serve as a general clearinghouse of information on projects submitted to member institutions, requiring financial support from more than one member institution;

(c) Develop a coordinated and consistent budgeting system for the resources of the government financial institutions, and review and coordinate the annual program of sources and applications of the funds of the member institutions so as to shape them into an integrated annual program of capital transfer in full support of the approved development plans and programs;

(d) Evaluate the fiscal, monetary and balance of payments implications of major national projects and recommend to the President the timetable of the implementation of these projects on a regular basis, particularly those that require foreign financing assistance. In this regard, the following shall be taken into account, among others:

(1) Priority rating of the project within the context of the national development plan;

(2) Peso requirements of the project in terms of the current and capital outlays needing peso support directly or indirectly from the national government and government financial institutions;

(3) Sources of funds;

(4) Terms and conditions of the proposed financing;

(5) Impact of the proposed project on domestic and foreign debt ceilings; and

(6) Effects on international balance of payments position.

- (e) Conduct hearings and evaluate major project proposals of government ministries and agencies, government-owned or controlled corporations and private enterprises;
- (f) Prepare a domestic and foreign borrowing programs updated each year and submit to the President/Prime Minister a status of the fiscal monetary and balance of payments implications of major national projects; and
- (g) Perform other functions provided by law.

SEC. 706. Statistical Advisory Board.—(1) the Statistical Advisory Board shall be composed of the Deputy Director-General of the NEDA, as chairman; the Director of the National Census and Statistics Office, as vice-chairman; and the Director of the Bureau of Agricultural Economics, the Dean of the University of the Philippines Statistical Center, the Chief of the Labor Statistics Service, the Chief of the Disease Intelligence Center, and the Chief of the Department of Economic Research of the Central Bank, as *ex officio* members. The Board may, by majority vote of all its members, admit additional members as it may deem necessary.

(2) The Board shall:

- (a) Advise the NEDA in the development of a unified system of statistical services and in the formulation of basic policies for government statistical operation;
- (b) Review the statistical aspects of the draft of the Annual Economic Report;
- (c) Formulate and develop policies and programs that will ensure an adequate supply of technically and professionally trained statisticians; and
- (d) Perform other functions provided by law.

SEC. 707. National Council on Integrated Area Development.—(1) The National Council on Integrated Area Development shall be composed of the President/Prime Minister, as Chairman; the Minister of Agriculture, as vice-chairman; and the Ministers of Public Works, Transport,

tation and Communications, Economic Planning, Finance, Local Government and Community Development, Agrarian Reform, Natural Resources, National Defense, Public Highways, and the Budget, as members.

(2) The Committee shall act as the policy-making and governing body of all integrated rural development projects and select specific areas for integrated rural development.

SEC. 708. Other Committees.—(1) The Director General of the NEDA shall be the chairman of each of the Committees on Social Development, Trade, Tariff and Related Matters, Infrastructure, and Statistical Development.

(2) These Committees shall advise the President/ Prime Minister and the NEDA Board and coordinate activities in the formulation and implementation of government policies concerning social development, trade and tariff, infrastructure, and statistics.

CHAPTER 6—*National Census and Statistics Office*

SEC. 709. Organization.—(1) The National Census and Statistics Office, hereafter referred to in this Chapter as the Office, shall be headed by an Executive Director who shall be assisted by an Assistant Executive Director.

(2) The Executive Director and the Assistant Executive Director shall also act as the Civil Registrar General and the Assistant Civil Registrar General, respectively.

SEC. 710. Functions.—The Office shall:

(1) Prepare and periodically take the censuses of population and housing, agriculture and fishing, and other activities;

(2) Undertake for statistical purposes, surveys, investigations, researches and studies on social and economic problems and conditions, either singly or jointly with other agencies of the government or with private or international research institutions or organizations;

- (3) Prepare and publish periodically estimates and projections of populations, production, incomes, prices, wages, employment, urban and rural household and non-household characteristics, including manpower or labor force; and such other characteristics as may be covered in the censuses and intercensal surveys;
- (4) Prepare and publish such economic measurements and projections as may be useful for economic planning by the government;
- (5) Compile, classify and tabulate statistical data and information for other agencies of the government or private enterprises, organizations and research institutions, the costs to be borne by such agencies, private enterprises, organizations or research institutions;
- (6) Prepare directories and listings of establishments, firms and entities licensed to engage in business, industry, or any other economic activity;
- (7) Formulate concepts, definitions, standards and classifications of industry, commodity, occupation and other system;
- (8) Promote and maintain an effective and efficient civil registration system;
- (9) Assist the Statistical Advisory Board and the NEDA in the formulation of a continuing comprehensive statistical program for the government;
- (10) Provide technical assistance and support to projects of other statistical agencies and institutions, particularly those concerned with the improvement of economic statistics; and
- (11) Perform other functions provided by law.

SEC. 711. Duties of Civil Registrar General.—The Civil Registrar General shall:

- (1) Enforce and issue rules and regulations to implement the pertinent provisions of the Civil Code and of the pro-

visions of Act No. 3753, known as the Civil Registry Law of the Philippines;

(2) Prepare and order the printing of forms required for civil registration purposes;

(3) Keep and preserve all civil registry documents received from the local civil registrars and issue certified copies thereof; and

(4) Perform other duties provided by law.

SEC. 712. *Census Officers.*—The Bureau shall have a Regional Census Officer for every region, Provincial Census Officer for each province and City/Municipal Census Officer for each city/municipality.

SEC. 713. *Collection of Data and Information.*—The collection of the necessary data and information by the Office may be secured by personal interview or by the mailing or delivery of the necessary questionnaire or form and explanatory matter to the persons best qualified to furnish those data or information, in which case the proprietor, government official or employee, partner, director or legal representative to whom the questionnaire or form is mailed or delivered shall be required to accomplish the questionnaire or form personally or cause it to be accomplished by his duly authorized agent or representative.

SEC. 714. *Confidential Nature of Data and Information Obtained.*—Data furnished the Office by an individual, corporation, partnership, institution or business enterprise shall not be used as evidence in any court or proceedings either as evidence for or against the individual, corporation, association, partnership, institution or business enterprise from whom the data emanates; nor shall the data or information be divulged to any person except the authorized employees of the Office acting in the performance of their duties; nor shall the data be published except in the form of summaries or statistical tables in which no reference to an individual, corporation, association, partnership, institution or business enterprise shall appear.

SEC. 715. *Use of Data as Evidence in Court.*—The provisions of the next preceding section hereof notwithstanding, the Office may be allowed to use the data furnished it as evidence in any court or proceedings against the individual, corporation, association, partnership, institution or business enterprise, from whom the data emanates when that individual, corporation, association, partnership, institution or business enterprise, in accomplishing any questionnaire or form required of it, knowingly gives data or information which are materially untrue, or sign any questionnaire or form after it has been accomplished with the knowledge that it is untrue in any particular.

SEC. 716. *Postal and Telecommunications Privileges.*—In the exercise of its functions, the Office shall have free postal privileges including registered and airmail in all its official communications and free transmission of its messages through the government telecommunication facilities.

SEC. 717. *Printing of Forms and Reports.*—Subject to existing rules and regulations on canvassing and upon approval of the NEDA Director General, the Office may without public bidding enter into contracts for the services of private printers or publishers for the printing of the forms, schedules, circulars, pamphlets and such other printed matter as may be necessary for census, statistical and civil registration purposes, as well as statistical reports, preliminary and final results of censuses and surveys, and such other data or information as the Office may publish.

SEC. 718. *Censuses to be Undertaken and their Periodicity.*—The Office shall undertake censuses of establishments every three years; the censuses of population every five years; and the censuses of housing, agriculture and fishing every ten years; for years or at any time, depending upon the needs of the government as may be determined by the Office, subject to the approval of the President/Prime Minister.

SEC. 719. Proclamation of Census Day and Population Count.—For each population census, the President/Prime Minister shall, upon recommendation of the Executive Director and the NEDA Director-General, proclaim the day designated for the census taking as census day, from which date the enumeration shall start and proceed on consecutive days from daylight to darkness, including Saturdays, Sundays and Holidays, until completed. Within six months from the completion of the filed enumeration, the Executive Director shall submit the total count of the population to the President/Prime Minister who shall thereafter proclaim the results as the official population of the Philippines as of the census day.

SEC. 720. Conduct of Censuses.—All censuses shall be conducted in accordance with the procedures, rules and regulations promulgated by the Executive Director, as approved by the NEDA Director General.

SEC. 721. Participation of Officials and Personnel of Other Government Agencies and Instrumentalities.—Any officer or employee of the national and local governments may be drafted to perform census work and, for this purpose, shall be given a recess from their regular duties by their respective Ministry heads upon request of the Executive Director with the approval of the President/Prime Minister. Those officers and employees shall, in addition to their salaries, receive per diem and travelling expenses authorized under existing laws and payable from census funds by the Office.

SEC. 722. Oath or affirmation.—Every official or employee drafted for census work shall take an oath or affirmation to do and perform accurately and to the best of his ability such duties as may be required of him and to keep confidential whatever information he may have acquired during the census operations.

SEC. 723. Supervision and Control of Personnel Assigned to Census Work.—During the census operation, the Executive Director shall have supervision and control over all officers and employees assigned to perform census work. The

agency head shall not transfer or recall any officer or employee drafted for census work without advising the Executive Director at least fifteen days before the transfer or recall becomes effective, or until the census work of the individual official or employee is completed.

SEC. 724. National, Provincial, City or Municipal Census Boards.—(1) During the field operations for the censuses, there may be created a National Census Board to be composed of the heads of Ministries which may be called upon to render assistance in the operation. The Chairman shall be designated from among the members and with the Executive Director of the Office as the Board's Executive Officer.

(2.) At the local level, there may be created a provincial, city and municipal census board in each province, city and municipality which shall provide such facilities and assistance as shall be required by the Office.

(3.) The provincial census board may be composed of the Provincial Governor as Chairman, and among others, the Division Superintendent of Schools, Senior District Highway Engineer, PC Provincial Commander, Provincial Health Officer and Provincial Agriculturist, as members. The municipal census board may be composed of the Municipal Mayor as chairman, and among others, the School District Supervisor, Municipal Health Officer and Municipal Agriculturist, as members. The Provincial/City/Municipal Census Officer or his duly authorized representative shall, in each case, be the executive officer of the boards.

SEC. 725. Scope and Frequency of Statistical and Survey Operations.—Between census years, the Executive Director may direct the collection and compilation of statistical data or information which may be useful for economic or social planning and development, through complete enumeration or by sampling, from primary or secondary sources.

SEC. 726. Quarterly Submission of Approved Applications for Licenses.—City and municipal treasurers and other licensing officers and agencies shall furnish the Office every

quarter with copies of all approved applications for licenses or permits received in their respective offices which shall be the basis of the listings and business directories that the Office will maintain current at all times.

SEC. 727. Scope of Civil Registration.—All vital acts, events, documents, or judicial decrees which affect the civil status of persons shall be subject of registration, including live birth, foundling, acknowledgment of natural child, death, foetal death, marriage, annulment of marriage, legal separation, judicial determination of filiation, voluntary emancipation of a minor, adoption, change of name, civil interdiction, guardianship, naturalization, election, loss and reacquisition of Filipino citizenship.

SEC. 728. Duties of Local Civil Registrar.—Local Civil Registrars shall:

(1) Accept for registration all registrable certificates and documents presented to them for registration, provided they are complete and regular upon their face, and enter them in their respective registers;

(2) Issue certified transcripts or copies of any certificate or document registered upon payment of the prescribed fees;

(3) Send to the Civil Registrar General within the following month a copy of each document registered during the preceding month;

(4) Administer oaths, free of charge, for marriage and civil registry purposes;

(5) Index civil registry records to facilitate easy reference;

(6) Investigate late registration cases and petitions for reconstruction of lost or destroyed records;

(7) Insure the preservation and safety of all civil registry records under their custody and guard them against loss, tampering, erasures and unauthorized corrections or alteration;

(8) Designate, at their discretion, their principal clerk or any of their competent employees to act as assistant local civil registrar upon approval by the Civil Registrar General; and

(9) Perform other duties provided by law or assigned by the Civil Registrar General.

SEC. 729. Barangay Chairman to Assist in Civil Registration.—The Barangay Chairman shall assist in civil registration by reporting all occurrences of births and deaths in his barangay to the municipal census officers assigned in the municipality.

SEC. 730. Registration of Births.—(1) Every birth that takes place within the territory of the Philippines shall be registered, without fine or fee of any kind, in the local civil registry of the city or municipality where it occurs within thirty days after birth by the attending physician, nurse, midwife, *hilot* or hospital or clinic administrator or in default of the same, by either parent or a responsible member of the family or any person who has knowledge of the birth. When a birth occurs in a vehicle or conveyance in transit and the particular city or municipality cannot be determined, the birth may be registered at the place of destination of the mother.

(2) Births of children of Filipino citizens residing or traveling abroad, shall be reported within thirty days after birth by either parent to the Philippine Consulate nearest the residence or place of birth for transmission to the Office of the Civil Registrar General through the Ministry of Foreign Affairs, or directly to the Office of the Civil Registrar General within thirty days upon their return to the Philippines for file and record purposes.

(3) The attendant at birth or the hospital or clinic administrator shall be liable in case they fail to register new born child attended by them. If there was no attendant at birth or if the child was not born in a hospital or maternity clinic, then the parents or the responsible member of the family alone shall be primarily liable in case of failure to register the new born child.

SEC. 731. *Late Registration of Birth.*—Whenever a declaration of birth of a child is presented after thirty days from its birth, the local civil registrar shall register it only upon compliance with the requirements of the rules and regulations governing late registration of birth.

SEC. 732. *Registration of Birth of Illegitimate Children.*—In case of the birth of an illegitimate child, the parents of the infant shall sign and swear jointly to the fact on the birth certificate of that infant, or in case the father refuses, the mother shall sign and swear alone, in which case she shall not be permitted to state or reveal in the birth certificate being submitted for registration the name of the father who refuses to acknowledge the child, nor to give therein any information by which the father could be identified. For statistical purpose, the birth of an illegitimate child shall be accepted for registration even if it has not been signed and sworn to in accordance with this section but the father should not be identified.

SEC. 733. *Registration of Foundling.*—The finder of an abandoned child or foundling shall report the fact within thirty days to the local civil registrar of the place where the child was found. The report shall be in the form of a sworn statement setting forth the name of the child if known or the name given by the finder; the name and address of the finder; the date and hour the child was found; the approximate age of the child when found; the physical characteristics and distinguishing features of the child; and such other information as the rules and regulations may require.

SEC. 734. *Registration of Deaths.*—(1) The physician who last attended the deceased shall issue the necessary certificate of death within forty-eight hours after death and submit the same to the local health officer of the place of death, who shall order its registration in the office of the local civil registrar within thirty days after death, without fine or fee of any kind. In case the death is not attended by a physician, the nearest responsible relative or any person having knowledge of the death shall make the

report within forty-eight hours from death or of knowledge thereof, as the case may be, to the local health officer of the place who shall issue the corresponding certificate of death and order its registration in the office of the local civil registrar within the same period of thirty days after death without any fine or fee of any kind.

(2) No dead human body shall be buried without a burial permit, which shall be issued only after registration of the proper death certificate with the local civil registrar. During epidemics, bodies may be buried provided the death certificates have been secured which shall be registered not later than five days after burial of the body.

SEC. 735. Foetal Birth and Death.—For purposes of this Chapter, foetal birth and death shall mean the birth of the foetus having human form with an intra-uterine life of at least seven months, which dies within twenty-four hours after separation from the mother's womb; in which case, the foetus shall be registered in the proper register as having been born and having died.

SEC. 736. Death Abroad.—Deaths of Filipino citizens abroad shall be reported by any person having knowledge thereof to the nearest Philippine Consulate within thirty days after the death for transmittal to the Office of the Civil Registrar General, through the Ministry of Foreign Affairs, or directly to the Office of the Civil Registrar General within thirty days upon the arrival of that person in the Philippines.

SEC. 737. Late Registration of Death.—Whenever a report of death or foetal death is made beyond thirty days from the time of death, the death shall be registered only upon compliance with the rules and regulations governing late registration of death.

SEC. 738. Registration of Marriage.—Any person authorized to solemnize marriage shall prepare four copies of each marriage contract and shall furnish the contracting parties a copy of a duplicate thereof. One copy of the

marriage contract shall be kept by him for his file and the other two copies shall be submitted to the local civil registrar of the place of the marriage within fifteen days after solemnization of the marriage. The local civil registrar shall send one copy to the Civil Registrar General and retain the other original copy in his office for entry in and as supporting document of the marriage register.

SEC. 739. *Delayed Registration of Marriage.*—Whenever a marriage contract is not registered within fifteen days after marriage such a contract may be accepted for registration only upon compliance with the requirements of the rules and regulations governing late registration of marriage.

SEC. 740. *Registration of Dissolved or Voided Marriage.*—(1) In cases of legal separation, annulment of marriage and marriage void from the beginning, the Clerk of Court shall, upon payment of the registration fee by the interested party, send two copies of the final judgment, decision or decree within twenty days to the local civil registrar of the place where the marriage was contracted.

(2) Upon receipt of the final judgment, decision or decree, the local civil registrar shall enter it in the appropriate register, recording therein the names of the parties whose marriage was annulled or voided, the date of the judgment, decision or decree of the Court, and make necessary remarks in the particular entry.

SEC. 741. *Marriage Abroad.*—Marriage of Filipino citizens residing or traveling abroad should be reported to the nearest Philippine Consulate within fifteen days after celebration of the marriage for transmission to the Civil Registrar General through the Ministry of Foreign Affairs.

SEC. 742. *Registration of Legitimation.*—(1) Legitimation by subsequent marriage shall be registered by the parents subsequently married by sending two certified co-

pies of their marriage contract together with an affidavit of acknowledgment of the child legitimated within twenty days from its execution, if the acknowledgment was done by means of a public document, to the local civil registrar of the place where the birth of the child was registered.

(2) Upon receipt thereof, and after payment of the prescribed fee, the local civil registrar shall record it in the proper register.

(3) The original family name of the child as appearing in the register of birth shall not be erased or deleted, but necessary remarks shall be entered in the proper register, stating the family name which the child should bear by virtue of the legitimization and giving reference to the number of the entry in the register.

SEC. 743. Registration of Acknowledgment by Public Instrument.—(1) Only acknowledgments of natural children made by either or both parents by means of a public instrument may be registered under this Chapter. It shall be the duty of the natural parent, where voluntary acknowledgment was made by means of a public document, to send two copies thereof to the local civil registrar of the city or municipality where the birth of the child acknowledged was recorded, not later than twenty days after the execution of the instrument, for registration thereof.

(2) The name of the child appearing in the register of birth shall not be erased or deleted, but necessary remarks shall be entered on the register stating the family name which the child should bear by virtue of the acknowledgment and giving reference to the number of the entry in the acknowledgment register.

(3) Compulsory acknowledgment as provided by law shall be registered in accordance with the rules on judicial determination of filiation.

SEC. 744. Registration of Adoption.—(1) In case of adoption, the Clerk of Court shall send two copies of the final decree of adoption within twenty days from its is-

suance, to the local civil registrar of the city or municipality where the birth of the child was registered, for registration thereof upon payment of the prescribed fee.

(2) The original name of the child as appearing in the register of births shall not be erased or deleted, but necessary remarks shall be entered in the register stating the name which the child should bear by virtue of the adoption and giving reference to the entry number of the adoption in the adoption register.

SEC. 745. Registration of Voluntary Emancipation of Minors.—The registration of emancipation by parental concession shall be effected by means of a public instrument to be registered in the office of the local civil registrar of the place where such a public instrument was executed within twenty days from its execution.

SEC. 746. Registration of Guardianship.—Judgments on guardianship shall, within twenty days after they become final, be registered by the Clerk of Court in the local civil registry of the city or municipality where the minor or ward resides, or where his property or part thereof is situated. Within twenty days upon termination of the guardianship, the Clerk of Court or the emancipated ward shall send two copies of the final order to the local civil registrar where the guardianship was registered, for annotation of the termination of the guardianship in the original entry of the register.

SEC. 747. Registration of Judicial Determination of Filiation.—Judgments declaring the filiation of any particular person shall, within twenty days after they become final, be registered by the Clerk of Court in the local civil registrar of the place of birth.

SEC. 748. Registration of Change of Name.—Judgments on change of name shall, within twenty days after they become final, be registered by the Clerk of Court in the local civil registrar of the place where the birth or fact of finding of the petitioner was registered.

SEC. 749. Registration of Election of Philippine Citizenship.—(1) Election of Philippine citizenship shall be made by filing with the local civil registrar of the place where the person entitled to elect resides, his written statement subscribed and sworn to before any officer authorized to administer oath. Election of Philippine citizenship exercised abroad shall be filed with the Philippine Consulate nearest the residence of the party concerned for transmission to the Office of the Civil Registrar General through the Ministry of Foreign Affairs, or directly to the Office of the Civil Registrar General upon return of the party concerned to the Philippines.

(2) A copy of every instrument of election of Philippine citizenship shall be sent by the local civil registrar to the Civil Registrar General and the Solicitor General.

SEC. 750. Registration of Naturalization.—(1) The Clerk of Court shall, within thirty days from the date the judgment granting Philippine citizenship in a naturalization case becomes final and executory, send two copies of the certificate of naturalization to the local civil registrar of the place where the court which rendered judgment sits and the said decision shall be entered in the appropriate register upon payment of the prescribed fees.

(2) Naturalization conferred by special law shall be registered with the local civil registrar of Manila without payment of any fee.

(3) The Clerk of Court concerned shall also send one copy of the decision in each naturalization case to the Civil Registrar General.

SEC. 751. Registration of Loss of Citizenship.—Any person who loses Philippine citizenship by any of the modes provided by law shall send to the local civil registrar of the place where he last resided, or to the Civil Registrar General, two copies of the certificate of renunciation of Philippine citizenship or of naturalization in a foreign

country or whatever certificate or instrument which causes the loss of Philippine citizenship.

SEC. 752. *Registration of Repatriation.*—The oath of allegiance of any person who wishes to reacquire Philippine citizenship together with a sworn statement setting forth the facts and circumstances of the repatriate shall, within thirty days from date of its execution, be registered with the local civil registrar of the place where he last resided in the Philippines.

SEC. 753. *Registration of Civil Interdiction.*—Whenever final judgment of any court in criminal cases carries with it the penalty of civil interdiction, the Clerk of Court shall send within twenty days a certified copy thereof to the local civil registrar of the city or municipality where the court which promulgated that judgment sits to be entered in the appropriate register.

SEC. 754. *Documents and Registers Are Public Documents.*—The books making up the civil register and all documents relating thereto shall be considered public documents and shall be *prima facie* evidence of the truth of facts contained therein. The presentation of certified copies of civil registry documents or excerpts from civil registers shall suffice in government transactions or operations which call for the establishment of those facts. The local civil registrar shall not under any circumstance permit any document or register under his custody to be removed from his office except by order of a competent court, in which case the proper receipt shall be issued therefor. The local civil registrar may issue certified copies of any document registered in his office upon payment of the proper fees.

SEC. 755. *Reconstitution of Civil Registry Records.*—Reconstitution of documents previously registered which may have been burned, torn, lost, mutilated, or destroyed, shall be governed by rules and regulations issued by the Civil Registrar General and approved by the Head of Ministry.

CHAPTER 7—Miscellaneous Provision

SEC. 756. *Attached Agencies and Entities.*—The other agencies and entities under the administrative supervision of, or attached to, the NEDA shall continue with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, effectiveness and economy.

TITLE XIII—MINISTRY OF AGRARIAN REFORM

CHAPTER 1—General Provisions

SEC. 757. *Declaration of Policy.*—Agrarian reforms shall be directed to make farm lessees and farm tenants as owner-cultivators of economic family-size farms to improve their living conditions.

SEC. 758. *Organization.*—(1) The Ministry of Agrarian Reform, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Agrarian Reform who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular services provided in Chapter 3 of Book IV of this Code, the Ministry shall have an Agrarian Reform Education Service.

(3) The Bureau of Agrarian Legal Assistance, the Bureau of Land Acquisition, Distribution and Development, the Bureau of Land Tenure Improvement, and the Bureau of Resettlement shall be under the supervision and control of the Ministry. Each of these bureaus shall be organized in accordance with Chapter 4 of Book IV of this Code, and shall have staff and operating units provided by law.

(4) The Ministry shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

(5) The Land Bank of the Philippines, the Agricultural Credit Administration, and the Agrarian Reform Coordinating Council shall be attached to the Ministry.

SEC. 759. Functions.—The Ministry shall:

(1) Change the tenurial status of the farmer from tenant-tiller to owner-cultivator, and help him to be productive to improve his social status;

(2) Develop and improve acquired private and public agricultural lands for the purpose of subdividing them into economic family-size farms and homelots; undertake land surveys and land capability and classification mapping; and issue land patents and titles;

(3) Formulate and implement plans, programs and policies for economical, efficient and effective services to the beneficiaries of agrarian reform, including resettlement of displaced farmers, urban workers and landless citizens, and provide loan assistance in kind until they attain self-sufficiency;

(4) Handle judicial cases affecting tenant-tillers, agricultural lessees and other beneficiaries of agrarian reform in the proper courts; and

(5) Perform other functions provided by law.

SEC. 760. Function of Service.—The Agrarian Reform Education Service shall evolve a continuing program of, and research in, agrarian reform education, including clientele and personnel development and scholarships.

CHAPTER 2—*The Bureau of Agrarian Legal Assistance*

SEC. 761. Functions.—The Bureau shall:

(1) Evolve a program for servicing the legal requirements of tenant-tillers, agricultural lessees and other beneficiaries of agrarian reform, including expropriation, pre-emption and redemption proceedings and in civil and criminal cases arising out of or connected with agrarian disputes;

(2) Provide guidelines for the investigation and hearing of conflicts and claims among or against tenant-tillers, agricultural lessees and other beneficiaries of agrarian reform;

(3) Develop a legal information program to inform the tenant-tillers, agricultural lessees, other beneficiaries of agrarian reform and landowners of their rights and obligations under the Agrarian Reform Code; and

(4) Perform other functions provided by law.

CHAPTER 3—*The Bureau of Land Acquisition, Distribution and Development*

SEC. 762. Functions.—The Bureau shall:

(1) Acquire for the Ministry public agricultural lands by proclamation or, upon directive of the President/Prime Minister, by land classification; and private agricultural lands through negotiated purchase, expropriation, pre-emption and redemption;

(2) Conduct land and photogrammetric surveys;

(3) Develop plans, programs and policies relative to the distribution, disposition and development of acquired public and private agricultural land; and

(4) Perform other functions provided by law.

CHAPTER 4—*The Bureau of Land Tenure Improvement*

SEC. 763. Functions.—The Bureau shall:

(1) Identify and maintain an inventory of tenant-tillers, agricultural lessees, other beneficiaries of agrarian reform, landowners and landholdings, including crops and produce thereon, and all transactions involving tenurial security, leasehold arrangements, land transfers and change in land use;

- (2) Develop standards for the valuation of lands acquired by the government under the agrarian reform program and the payment to the landowners thereof;
- (3) Prepare and conduct land tenure and land use research;
- (4) Identify, develop and coordinate joint projects relating to land tenure improvement and land use with other government agencies and private institutions; and
- (5) Perform other functions provided by law.

CHAPTER 5.—The Bureau of Resettlement

SEC. 764. *Functions.*—The Bureau shall:

- (1) Screen and select settler-applicants for resettlement, including displaced farmers, landless families and rural workers;
- (2) Conduct continuing studies of problems in settlement areas;
- (3) Plan and prepare the census of proclaimed and unproclaimed settlements;
- (4) Develop programs on the construction of infrastructure facilities in the settlement areas; and
- (5) Perform other functions provided by law.

CHAPTER 6—District Offices and Attached Agencies

SEC. 765. *District Offices.*—The Minister is authorized to organize such number of district offices in each regional area as the exigencies of the agrarian reform program may require, which shall be under the supervision and control of the regional office concerned.

SEC. 766. *Attached Agencies.*—The agencies which are attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of economy, efficiency and effectiveness.

TITLE XIV—MINISTRY OF PUBLIC INFORMATION

CHAPTER 1—*General Provisions*

SEC. 767. Declaration of Policy.—The Government shall provide an integrated information program as an effective instrument of development, consistent with national interests and goals for the accelerated socio-economic development of the nation.

SEC. 768. Organization.—(1) The Ministry of Public Information, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Public Information who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to its regular services, the Ministry shall have a Technical Service which shall provide the Ministry with assistance in the development and implementation of special information programs.

(3) There shall be a Press Staff under the supervision and control of the Minister which shall provide the information needs of the President/Prime Minister.

(4) The Bureau of National and Foreign Information, and the Bureau of Broadcasts shall be under the supervision and control of the Ministry. Each of these bureaus shall be organized in accordance with Chapter 4 of Book IV of this Code, and shall have staff and operating units provided by law.

(5) The Ministry shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

SEC. 769. Functions.—The Ministry shall:

(1) Bring the Government closer to the people and instill in them trust, confidence and pride in the Government by informing and maintaining dialogue with them on the policies, plans, activities and accomplishments of the Government; and disseminate information which may be of general interest to the people or may concern their welfare;

- (2) Promote a sense of national identity and unity, and enhance the prestige and national interest abroad through the dissemination of information concerning its political, economic, social and cultural conditions and activities, in coordination as necessary with the chiefs of missions of the Ministry of Foreign Affairs;
- (3) Coordinate and integrate all the informational activities of the various agencies of the government;
- (4) Prepare and distribute, through the various media of mass communications, information materials such as press releases, handbills, folders, pamphlets, posters and other publications in support of the various development programs of the Government;
- (5) Serve as a general source of information about the Government which can be made readily available to the interested parties;
- (6) Establish a system of liaison and cooperation with the private sector for the production and dissemination of Government information materials;
- (7) Conduct research and evaluate the effectiveness of Government information programs;
- (8) Build, operate and maintain broadcasting, telecasting and networks systems, news gathering, distribution and printing facilities and other equipment or structures necessary in the conduct of Government information programs;
- (9) Provide technical assistance to other agencies of the Government in the preparation, production and utilization of mass media materials;
- (10) Conduct training programs for Government information personnel in consultation and coordination with the Civil Service Commission;
- (11) Coordinate and assist in the adoption of measures to improve the quality of Philippine journalism to make it attain high civic and moral standards of responsibility to the people and society, and conform with accepted norms of conduct and ethics of the profession; and
- (12) Perform other functions provided by law.

CHAPTER 2—Bureau of National and Foreign Information

SEC. 770. *Functions.*—The Bureau shall:

- (1) Formulate an efficient and effective information program abroad;
- (2) Assist the various Ministries and agencies in meeting their information needs and requirements;
- (3) Develop a system of establishing, implementing, coordinating and integrating an information program, particularly on the operations and activities of the Government;
- (4) Extend technical assistance and guidance to the information offices of the various agencies;
- (5) Issue publications and provide library services to the public relative to information about the Government;
- (6) Determine the needs of and conduct training programs for information officers in other agencies; and
- (7) Perform other functions provided by law.

CHAPTER 3—Bureau of Broadcasts

SEC. 771. *Functions.*—The Bureau shall:

- (1) Provide public service, information, cultural and educational programs here and abroad;
- (2) Supervise the general operations, maintenance and development of its broadcast facilities;
- (3) Maintain a common broadcast service throughout the country;
- (4) Undertake continuing research and planning on the effective use of radio and television for communicating national development values and objectives; and
- (5) Perform other functions provided by law.

**TITLE XV—MINISTRY OF LOCAL GOVERNMENT AND
COMMUNITY DEVELOPMENT**

CHAPTER 1—General Provisions

SEC. 772. Declaration of Policy.—The State shall guarantee and promote the autonomy of local government units, especially the barangays, to ensure their fullest development as self-reliant communities; provide for a more responsive and accountable local government structure; and implement plans, programs and projects on local government administration, community development, and cooperatives development. For this purpose, the national government shall provide the administrative machinery and the leadership which shall foster the establishment of a progressive and responsible local government administration, and, with the enlightened participation of local government units, enable the people to increasingly avail of self-help techniques and cooperative associations in developing and transforming local communities into viable instruments of progress.

SEC. 773. Organization.—(1) The Ministry of Local Government and Community Development, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Local Government and Community Development who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular services provided in Chapter 3 of Book IV of this Code, the Ministry shall have a Legal Service and such other units necessary to administer and implement its various programs, projects and operations.

(3) The Ministry shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

(4) The Bureau of Local Government, the Bureau of Community Development and the Bureau of Cooperatives

Development shall be under the supervision and control of the Ministry.

(5) The Cooperatives Development Loan Fund, National Registration Coordinating Committee and Joint Commission on Local Government Personnel Administration shall be attached to the Ministry.

SEC. 774. Functions.—The Ministry shall be service and development-oriented and shall be responsible for the following functions:

(1) Assist the President/Prime Minister in exercising general supervision over local governments;

(2) Strengthen local government units so that they can perform their functions under conditions of greater local autonomy with increasing capacity to govern and carry out development programs;

(3) Formulate, develop and coordinate programs on urban and rural community development in which the greatest participation of the local communities shall be encouraged;

(4) Provide the means by which local government units would be encouraged to increasingly avail of cooperative associations in the pursuit of their development programs;

(5) Promote, organize and develop all types of cooperatives and develop new areas for cooperative enterprise;

(6) Administer training, research, technical and financial assistance programs with local government participation to improve the management of local government units and to enhance the utility of community and cooperatives development as agents of social change;

(7) Coordinate local development plans with national development plans and encourage harmonious actions among national government offices, particularly the regional offices, and local government units; and

(8) Perform other functions provided by law.

SEC. 775. *Functions of the Legal Service.*—The Legal Service shall:

- (1) Provide legal advice to the Minister, Deputy Minister, the bureaus and offices of the Ministry;
- (2) Interpret laws and rules affecting the operation of the Ministry and the bureaus and offices under it;
- (3) Prepare contracts and instruments to which the Ministry is a part, and interpret provisions of contracts covering work to be performed for the Ministry by private entities;
- (4) Conduct administrative investigations, including the review of administrative charges against employees of the Ministry and local elective officials;
- (5) Assist in the promulgation of rules governing the activities of the Ministry;
- (6) Prepare comments on proposed legislations concerning the Ministry;
- (7) Assist the Solicitor General in court litigations in which the Ministry is involved; and
- (8) Perform other functions provided by law.

CHAPTER 2—Bureau of Local Government

SEC. 776. *Functions.*—The Bureau of Local Government shall:

- (1) Advise and assist the Minister in connection with the exercise of the President/Prime Minister of his power of general supervision over local governments, particularly as they relate to: implementation of laws and policies concerning local governments and their personnel; the approval of local development plans and use of local development funds; the extension of financial assistance and budgetary aid to local governments, equitable distribution of funds and obligations among local government units; expropriation and other forms of acquisition of lands; nominations

and ad interim appointments of local officials and related matters;

(2) Formulate guidelines for and assist in the implementation of laws governing local governments, local development plans and the use of local funds;

(3) Formulate, develop and periodically evaluate policies, plans and strategies relative to the administration of technical assistance programs intended to enhance or improve the administrative capacity of local government units to formulate, integrate and implement development or operational plans and render public service;

(4) Provide consultation and advice for improved local government management, including the preparation of manuals and primers on specific areas of local government administration;

(5) Initiate or implement local government program activities on a pilot basis;

(6) Exercise technical supervision on behalf of the Minister over local government program implementation at the regional and field level;

(7) Implement local government program activities that transcend regional boundaries;

(8) Conduct management surveys and researches including the preparation of manuals and primers on specific areas of local government administration;

(9) Formulate, design and administer training programs and strategies on local government administration, conduct information dissemination on matters important to local governments thru the use of various forms of media; and provide local and international scholarship as well as conduct conferences and staff development activities on local government administration;

(10) Establish and administer special incentive funds for local development as well as provide financial assistance to local government institutions or associations; and

(11) Perform other functions provided by law.

CHAPTER 3—Bureau of Community Development

SEC. 777. *Functions.*—The Bureau of Community Development shall:

- (1) Formulate, develop and periodically evaluate policies, plans and strategies relative to the administration of assistance programs intended to uplift the living conditions in rural and urban communities;
- (2) Develop policies, plans and programs on community development affecting regions, provinces, cities, municipalities and barangays, including assistance on environmental planning;
- (3) Prescribe procedures and guidelines on the implementation of grants-in-aid and self-help assistance projects;
- (4) Assist cities, municipalities and barangays to organize, reactivate or improve the effectiveness of local development planning bodies;
- (5) Develop leadership in cities, municipalities and barangays by providing assistance to local government authorities in formulating, developing, implementing and evaluating comprehensive local development plans and programs and in coordinating and integrating community development efforts;
- (6) Coordinate with the various Ministries and other national agencies concerned with economic planning, environmental planning and regional development;
- (7) Formulate and administer education, training and information programs to encourage local communities in assuming active responsibility in community development;
- (8) Maximize the utilization of human and material resources in nation-building through self-help community projects; and
- (9) Perform other functions provided by law.

CHAPTER 4—Bureau of Cooperatives Development

SEC. 778. Functions.—The Bureau of Cooperatives Development shall:

- (1) Formulate, develop and periodically evaluate policies, plans, strategies and programs for the development of the cooperative movement in the country;
- (2) Establish an integrated system for the promotion, organization, development, registration and evaluation of all types of cooperatives;
- (3) Provide assistance to cooperatives to improve their internal organization and management;
- (4) Develop the capabilities of cooperatives to effectively channel credit, utilize modern technology, unify marketing processes, and form capital;
- (5) Coordinate efforts of local governments and the private sector in the organization and development of cooperatives throughout the country;
- (6) Develop new areas of cooperative enterprise, such as banking, insurance, housing, investments and other development enterprise;
- (7) Evolve a financing program for cooperatives;
- (8) Conduct studies and researches toward the introduction of innovations in the field of cooperatives; and
- (9) Perform other functions provided by law.

The Bureau, at all levels of its organization and in all aspects of its operation, shall work closely with and render assistance to the Ministry of Agrarian Reform, the Ministry of Agriculture and the Ministry of Labor on matters related to cooperatives.

CHAPTER 5—Attached Agencies

SEC. 779. Organization and Functions.—The Cooperatives Development Loan Fund, National Registration Coordinating Committee and Joint Commission on Local

Government Personnel Administration, which are attached to the Ministry, shall continue with their respective organizational structure and perform the duties and functions assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

CHAPTER 6.—*Local Government Units*

A. General Provisions

SEC. 780. *Application.*—The provisions of this Chapter shall apply to provinces, cities, municipalities, barangays, local officials and all other employees of local government units to the extent indicated in each section.

SEC. 781. *Rules of Interpretation.*—(1) Any implied power of a province, city, municipality or barangay shall be liberally construed in its favor. Any fair and reasonable doubt as to the existence of the power shall be interpreted in favor of the local government unit concerned and it shall be presumed to exist.

(2) The general welfare provisions in this Code shall be liberally interpreted in case of doubt so as to give more power to local government units in promoting the economic conditions, social welfare and material progress of the people in the community.

(3) Vested rights existing at the time of the promulgation of this Title arising out of a contract or any other source of obligation between a barangay, municipality, city or province, on the one hand, and a third party, on the other, shall be governed by the original terms and provisions of the same or the law in force at the time such rights became vested and in no case shall this Title infringe on existing rights.

SEC. 782. *Corporate Character and Powers of Local Government Units.*—(1) Each province, city, municipality and barangay is a political body corporate and endowed with

powers to be exercised by and through its respective government in conformity with the provisions of this Chapter and existing laws.

(2) Such powers include the following:

- (a) To have continuous succession in its corporate name;
- (b) To sue and to defend against suits;
- (c) To have and use a corporate seal;
- (d) To acquire and convey real property;
- (e) To acquire and dispose of personal property;
- (f) To enter into contracts;
- (g) To levy and collect taxes as authorized by law; and
- (h) To exercise such other rights and incur such other obligations as are expressly authorized by law.

SEC. 783. *Liability for Damages.*—Unless otherwise provided by law, no province, city, municipality, or barangay shall be liable for injuries or damages to person or property arising from the failure of the governor, mayor, or barangay captain, or any other elective or appointive officer of the local unit, to enforce the provisions of this Chapter or any other law or ordinance; or from their negligence while enforcing or attempting to enforce the same. However, any person suffering such damages or injuries to person or property because a local government official or employee refuses or neglects without just cause to perform his official duty may file an action for damages and other relief against the latter, without prejudice to any disciplinary administrative or criminal action that may be taken.

SEC. 784. *Supervision by the Commission on Elections Over Local Elections.*—The Commission on Elections shall, in addition to the powers and functions conferred upon it by the Constitution, have overall supervision over all

local elections with powers to promulgate the necessary rules and regulations consistent with the provisions of this Title.

SEC. 785. Prohibition Against Pecuniary Interest.—It shall be unlawful for any local government official, directly or indirectly, individually or as a member of a firm, to be interested financially in any contract with, or any franchise or special privilege granted by the local government unit concerned during his term of office; to purchase any real estate or other property belonging to the province, city, municipality, or barangay or which shall be sold for taxes or assessment, or by virtue of legal process at the suit of the local government; to be surety for any person having a contract or doing business with the province, city, municipality or barangay, for the performance of which security may be required; to be surety in the official bond of any official of the province, city, municipality or barangay; or to be financially interested in any transaction or contract in which the national government or any subdivision or instrumentality thereof is an interested party, or to hold such interest in any cockpit or other games licensed by any local government unit.

SEC. 786. (1) Municipal Boundary Disputes.—Boundary disputes between and among municipalities shall be heard and decided by the Court of First Instance of the province where the municipalities concerned are situated. Where the boundaries in dispute are claimed by municipalities situated in different provinces, the Court of First Instance of the province first taking cognizance of the dispute shall be deemed to have acquired exclusive jurisdiction thereof: *Provided*, That after the joinder of issues, the Court shall suspend the proceedings and shall refer the dispute to the provincial council concerned, which is referred to in this Chapter as Sangguniang Panlalawigan, for the purpose of affording the parties an opportunity to reach an amicable settlement: *Provided*, further, That if no amicable settlement is reached within sixty (60) days

from the date the dispute was referred to the Sangguniang Panlalawigan concerned, the court proceedings shall be resumed. The case shall be decided by the said Court within one (1) year from resumption of the Court proceedings, and appeal may be taken from the said decision within the time and in the manner prescribed by the Rules of Court.

(2) *Barangay Boundary Disputes.*—Boundary disputes between and among barangays within a municipality and/or city shall be heard by the Court of First Instance of the province where they are situated: *Provided*, That after the joinder of issues, the Court shall suspend the proceedings and shall refer the dispute to the Sanggunian or Council concerned for the purpose of affording the parties an opportunity to reach an amicable settlement: *Provided*, further, That if no amicable settlement is reached within sixty (60) days from the date of the dispute was referred to the Sanggunian concerned, the court proceedings shall be resumed. The case shall be decided by the said Court within one (1) year from resumption of the court proceedings, and appeal may be taken from the said decision within the time and in the manner prescribed by the Rules of Court.

SEC. 787. *Coordination of Technical Services Rendered by National Offices.*—The governor, mayor and barangay captain shall coordinate the administration of technical services rendered by national offices in their respective local units.

B. *National Supervision of Local Governments*

SEC. 788. *Supervisory Power Over Local Governments.*—The President/Prime Minister shall, with the assistance of the Minister of Local Government and Community Development, exercise general supervision over local governments to ensure that local affairs are administered according to law.

C. Provincial-City Relations

SEC. 789. Distinction Between Highly Urbanized Cities and Regular Cities.—Provinces shall ensure that the act of regular cities situated within their territorial jurisdiction are within the scope of their assigned powers and functions. In contrast to regular cities, highly urbanized cities as determined by standards to be established in the local government code, shall be independent of the province.

SEC. 790. Participation of City Electorate in All Elections in the Province.—The registered voters of a regular city shall be entitled to vote in the election of the officials of the province in which said city is geographically located.

SEC. 791. Supervisory Power of the Governor.—The provincial governor shall exercise general supervision over the government of the regular city within its territorial jurisdiction as provided for in Section 770.

SEC. 792. Loan of Provincial Funds to Cities.—The Sangguniang Panlalawigan may make appropriations from the provincial funds to subsidize or extend loans to regular cities of the province under such terms and conditions as it may fix.

SEC. 793. Subsidy to a Regular City.—When a regular city cannot provide any of the essential services assigned to it, the province where the regular city is geographically located may give subsidy therefor.

SEC. 794. Execution of Deeds.—When the government of a regular city is a party to a deed or an instrument which conveys real property or any interest therein or which creates a lien upon the same, such deed or instrument shall be executed on behalf of the city government by the mayor, with the approval of the Sangguniang Panlalawigan.

D. Provincial-Municipal Relations

SEC. 795. Participation of Municipal Electorate in All Elections in the Province.—The registered voters of the

municipality shall be entitled to vote in the election of the officials of the province in which the municipality is geographically located.

SEC. 796. Supervisory Power of the Governor.—The provincial governor shall exercise general supervision over the government of the municipality within its territorial jurisdiction to ensure that its acts are within the scope of its assigned powers and functions.

SEC. 797. Loan of Provincial Funds to Municipalities.—The Sangguniang Panlalawigan may make appropriations from the provincial funds to subsidize or extend loans to municipalities of the province under such terms and conditions as it may fix.

SEC. 798. Subsidy to a Municipality.—When a municipality cannot provide any of the essential services assigned to it, the province where the municipality is geographically located may give subsidy therefor.

SEC. 799. Execution of Deeds.—When the government of a municipality is a party to a deed or an instrument which conveys real property or any interest therein or which creates a lien upon the same, such deed or instrument shall be executed on behalf of the municipal government by the mayor, with the approval of the Sangguniang Panlalawigan.

E. City-Barangay Relations

SEC. 800. Supervisory Power of the City Mayor.—The city mayor shall exercise general supervision over the government of the barangay within its territorial jurisdiction to ensure that its acts are within the scope of its assigned powers and functions.

SEC. 801. Barangay Improvement.—The Sanggunian ng Barangay shall submit to the Sangguniang Panlungsod suggestions or recommendations for the improvement of the barangay and for the welfare of the inhabitants.

F. Municipal-Barangay Relations

SEC. 802. Supervisory Power of the Municipal Mayor.—The municipal mayor shall exercise general supervision over the government of the barangay within its territorial jurisdiction to ensure that its acts are within the scope of its assigned powers and functions.

SEC. 803. Barangay Improvement.—The Sanggunian ng Barangay shall submit to the Sangguniang Bayan suggestions or recommendations for the improvement of the barangay and for the welfare of the inhabitants.

G. Interlocal Agreements

SEC. 804. Scope.—(1) Subject to the approval of the Minister of Local Government and Community Development, provinces, cities, municipalities and barangays may group themselves, or consolidate or coordinate their efforts, services and resources for purposes commonly beneficial to them.

(2) Agreement among local government units for this purpose shall specify the following:

- (a) Its duration;
- (b) The precise organization, composition and nature of any separate legal or administrative entity created by them together with the powers delegated to it;
- (c) Its purpose or purposes;
- (d) The manner of financing the joint cooperative undertaking and of establishing and maintaining its budget;
- (e) The method for the accomplishment of the agreement and the disposal of property upon partial or complete dissolution; and
- (f) Any other matters.

H. Creation of Local Government Units

SEC. 805. Manner of Creation of Local Government Units.—(1) A province, city, or municipality shall be created and named, and its boundaries defined, substantially altered or modified, only by an act of the National Assembly and subject to the approval by a majority of the votes cast in a plebiscite to be held in the unit or units affected within one hundred eighty days from the date of effectivity of such act.

(2) A barangay may be created and named, and its boundaries defined, substantially altered or modified, by an act of the Sangguniang Panlalawigan and subject to the approval by a majority of the votes cast in a plebiscite to be held in the unit or units affected within one hundred eighty days from the date of effectivity of such act.

SEC. 806. Criteria for Creation of a Province.—A province may be created if it has a population of at least two hundred thousand and has an estimated annual income, as certified to by the Minister of Finance, of not less than two million pesos and its creation shall not reduce the population and income of the mother province or provinces at the time of said creation to less than the minimum requirements under this section.

SEC. 807. Criteria for Creation of a City.—A regular city may be created if it has a population of at least fifty thousand and an estimated annual income, as certified to by the provincial treasurer of the province in which said city is geographically located, of at least one million pesos.

The criteria for the creation of a highly urbanized city shall be provided for in the local government code.

SEC. 808. Criteria for Creation of a Municipality.—A municipality may be created if it has a population of at least ten thousand and has an estimated annual income, as certified to by the provincial treasurer, of at least one hundred thousand pesos and its creation shall not reduce

the population and income of the mother municipality or municipalities at the time of said creation to less than the minimum requirements under this section.

SEC. 809. Criteria for Creation of a Barangay.—A barangay may be created if it has a population of at least one thousand and if its creation shall not reduce the population of the mother barangay or barangays to less than one thousand.

SEC. 810. Boundaries of Barangays.—The boundaries of a barangay shall be determined by the sanggunian of the city or municipality where the barangay is located. For this purpose, the sanggunian shall be assisted by the respective provincial assessors of affected provinces and the Director of Lands or their deputies. In the absence of any formal documentary basis for fixing the boundaries, the sanggunian shall be guided initially by commonly accepted boundaries. If within thirty days from determination of the same no boundary disputes arise, these boundary limits shall be deemed final, unless new barangays are created or formal proceedings for the relocation of boundaries are instituted within the said prescribed period.

TITLE XVI—MINISTRY OF TOURISM

CHAPTER 1—General Provisions

SEC. 811. Declaration of Policy.—The Government shall promote, encourage and develop the tourist industry, and accelerate national development through tourism so that more people from other lands may visit and better appreciate the Philippines and the Filipinos themselves may learn more about the natural beauty, history and culture of the country and develop greater pride in, and commitment to, the nation.

SEC. 812. Organization.—(1) The Ministry of Tourism, hereafter referred to in this Title as the Ministry, shall be

headed by the Minister of Tourism who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall have regular services provided in Chapter 3 of Book IV of this Code.

(3) The Bureau of Tourism Promotion and the Bureau of Tourism Services shall be under the supervision and control of the Ministry, and they shall be organized in accordance with Chapter 4 of Book IV of this Code.

(4) The Philippine Tourism Authority, the Civil Aero-nautics Board and the Philippine Convention Bureau shall be attached to the Ministry.

SEC. 813. Functions.—The Ministry shall:

(1) Administer, coordinate and supervise all activities of the Government concerning tourism;

(2) Effect the removal of unnecessary barriers to travel, the integration and simplification of travel regulations as well as their efficient, fair and courteous enforcement to assure expeditious and hospitable reception of all tourists and travelers;

(3) Represent the Government in all such conferences and meetings concerning tourism and travel, and discharge such responsibilities of the Government as may arise from treaties, agreements, and other commitments on tourism and travel to which it is a signatory;

(4) Formulate suitable standards to ensure that the highest possible standards are met; reasonable fees and charges are made, and that services are given with honesty, courtesy and efficiency;

(5) Prescribe and enforce compliance with such circu-lars, rules and regulations as may be promulgated in accordance with law;

(6) Issue summons, subpoena and subpoena duces tecum to compel the attendance of witnesses and the production of books, papers and other documents pertaining to the

- (4) Participate in fairs and exhibits to promote local goods and products and provide media for the dissemination of information about the Philippines as a tourist spot;
- (5) Undertake continuing analysis of economic conditions and trends relating to the sectoral area concerned;
- (6) Compile, integrate and analyze statistical data on the tourist industry;
- (7) Conduct training courses, seminars and apprenticeship programs for tourist guides, hotel and restaurant personnel and others who perform functions related to the tourist industry;
- (8) Prepare economic reports and forecasts relating to tourism; and
- (9) Perform other functions provided by law.

CHAPTER 3—*Bureau of Tourism Services*

SEC. 815. *Functions.*—The Bureau of Tourism Services shall:

- (1) Promote pleasant and hospitable entry, stay and egress of tourists;
- (2) Coordinate all agencies concerned on procedures to ensure pleasant and friendly reception of tourists in the country;
- (3) Establish, maintain and supervise information centers at strategic places;
- (4) Maintain and provide security and assistance to tourists and travelers and extend other similar services to them;
- (5) Prepare and maintain for ready reference a register of all businesses and establishments that offer transportation; accommodation or service of any kind to tourists;
- (6) Regulate and license the business of travel agencies, tour operators and tour guides;

- (7) Classify, regulate and license hotels, resorts, restaurants, inns, hotels and other related facilities and services in accordance with the standards and guidelines set by the Ministry;
- (8) Exercise supervision over the operation of facilities and services relating to tourists and travelers; and
- (9) Perform other functions provided by law.

CHAPTER 4—Attached Agencies

SEC. 816. Functions and Duties.—The Philippine Tourism Authority, the Civil Aeronautics Board and the Philippine Convention Bureau which are attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the duties and functions assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE XVII—MINISTRY OF INDUSTRY

CHAPTER 1—General Provisions

SEC. 817. Declaration of Policy.—Government efforts shall be maximized to diversify, disperse, and rationalize industrialization, and accelerate economic growth.

SEC. 818. Organization.—(1) The Ministry of Industry, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Industry who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall have regular services provided in Chapter 2 of Book IV of this Code, and a legal service.

(3) The Bureau of Industrial Coordination, the Bureau of Industrial Information and Programs and the Bureau of

Small and Medium Industries, which shall be organized in accordance with Chapter 4 of Book IV of this Code, and the Commission on Small and Medium Industries and the Technology Transfer Board, shall be under the supervision and control of the Ministry.

(4) The Board of Investments, Iron and Steel Authority, Cement Industry Authority, Export Processing Zone Authority, National Development Company and the Presidential Advisory Committee on the Copper Industry shall be attached to the Ministry.

SEC. 819. Functions.—The Ministry shall:

(1) Formulate and implement policies, plans and programs, relative to the development, expansion and diversification of industries;

(2.) Encourage, guide and, if necessary, regulate the establishment, growth and expansion of industries and firms within these industries, and for this purpose, it may: (a) after due notice and hearing, establish orderly marketing arrangements for locally produced and imported manufactured goods, and for raw materials used by manufacturing and construction industries, including the adoption of measures to regulate the import or the export of a particular manufactured product, or industrial material: *Provided*, That such marketing arrangements shall require approval by the National Economic and Development Authority if its duration exceeds three (3) months; and that such action is immediately appealable to the said authority without stay of execution pending approval; (b) formulate the appropriate mechanics to guide and regulate transfer of industrial technology in the country; (c) require registration of firms above a specified size in any or all industrial sectors or of specific industry groupings, for licensing purposes, or as a condition to the firm's availment of financial, fiscal or other incentives or assistance from the government; and (d) adopt other regulatory measures deemed necessary to carry out the aforesighted functions after consultation with appropriate agencies;

(3) Improve linkages and inter-relationships of industry with the development of the country's agriculture, natural resources, public services and infrastructure, and reinforce and enhance the contribution of these sectors to national progress and welfare;

(4) Identify the needs, encourage and assist the achievement of national self-sufficiency in essential industrial products, in accordance with the concept of national self-reliance;

(5) Broaden ownership of large-scale industrial enterprises, accelerate the formation and growth of small-scale and medium-scale industrial enterprises, as well as encourage and promote the dispersal of industry;

(6) Develop the capabilities of industry to increase the domestic content of its products, upgrade the quality of products according to competitive international standards to reduce costs of production and, in coordination with the Ministry of Trade, export manufactured products to the international and regional markets;

(7) Coordinate, with other government agencies, particularly the Ministry of Trade, in the formulation and implementation of measures to increase exports of manufactured goods, and for this purpose, it shall assume responsibility and authority for the establishment, review and enforcement of quality standards, for specific manufactured products so designated by the National Economic and Development Authority through the formation or designation of the appropriate bodies equipped to perform specific testing and inspection activities;

(8) Assist investors in desirable industrial projects in the processing of their papers by any government agency, instrumentality and financial institution;

(9) Promote cooperation in desirable industrial undertakings on complementation basis in the Southeast Asian regions;

(10) Coordinate and integrate all technical, financial, marketing, purchasing and promotional assistance of the government for medium and small-scale industries;

(11) Adopt guidelines, subject to the approval of the President/Prime Minister, to rationalize certain industries and implement such guidelines by itself or with the Board of Investments;

(12) Encourage the participation of private industrial sectors in the planning and implementation of industrial development programs of the government;

(13) Create advisory committees to assist the Ministry in the performance of its functions;

(14) Guide and regulate transfer of industrial technology in the country; and

(15) Perform other functions provided by law.

CHAPTER 2—*Bureau of Industrial Coordination*

SEC. 820. *Functions.*—The Bureau shall:

(1) Coordinate and guide industries and industry sectors to attain development objectives promulgated by the government;

(2) Maintain liaison with industry associations;

(3) Supervise the progress and implementation of all large-scale industry programs; and

(4) Perform other functions provided by law.

CHAPTER 3—*Commission on Small and Medium Industries*

SEC. 821. *Organization.*—(1) The Commission shall be headed by one of the deputy ministers of the Ministry of Industry, as Chairman, to be assisted by a Vice-Chairman or Vice-Chairmen designated by him from among the representatives of the agencies represented in the Commission. Administrative authority and responsibility for all the Commission projects and programs shall be vested in the Chairman of the Commission.

The following agencies shall be duly represented in the Commission:

- (a) Ministry of Local Government and Community Development—for coordination with local governments;
 - (b) Ministry of Trade—for the establishment of marketing infrastructure for small and medium industries;
 - (c) U.P. Institute for Small Scale Industries—for entrepreneurial and managerial training;
 - (d) National Manpower and Youth Council—for technical and skills training;
 - (e) Development Bank of the Philippines—for direct financing assistance;
 - (f) National Economic and Development Authority/Industrial Guarantee and Loan Fund—for credit and loan guarantee program;
 - (g) Central Bank of the Philippines/Rural Banks—for credit and financing policies;
 - (h) Ministry of Agriculture—for agro-industrial project development;
 - (i) Ministry of Natural Resources—for utilization of natural resources in small and medium industries;
 - (j) National Science Development Board—for technology research and assistance; and
 - (k) Bureau of Small and Medium Industries—for identifying the opportunities and assisting in setting up small and medium industries.
- (2) The Commission shall have staff and operating units provided by law.

SEC. 822. Functions.—The Commission shall:

- (1) Promote, assist and develop medium and small-scale industries;
- (2) Undertake studies, surveys, researches and technical assistance programs;

- (3) Coordinate and integrate policies and programs for technical, financial, marketing, purchasing and promotional assistance to medium and small-scale industries; and
- (4) Perform other functions provided by law.

CHAPTER 4—Bureau of Industrial Information and Programs.

SEC. 823. *Functions.*—The Bureau shall:

- (1) Collect and analyze statistics on industrial production, sales, inventories, imports of major materials, levels of receivables and expansion plans to enable the Ministry to monitor and measure industry performance, anticipate problems and provide guidance to industry;
- (2) Formulate development programs for various industry sections; and
- (3) Perform other functions provided by law.

CHAPTER 5—Bureau of Small and Medium Industries

SEC. 824. *Functions.*—The Bureau shall:

- (1) Provide direct functional assistance to entrepreneurs to accelerate the growth and development of small and medium industries to their full potentials and opportunities;
- (2) Provide small and medium industries with comprehensive program of consultancy assistance on regional projects;
- (3) Identify the opportunities for and promote the organization of small and medium industry projects in the countryside; and
- (4) Perform other functions provided by law.

CHAPTER 6—Technology Transfer Board

SEC. 825. *Composition.*—The Technology Transfer Board shall be composed of representatives, with rank no less

than a Director, from the Ministry of Industry, the Board of Investments, National Economic and Development Authority, National Science Development Board, Technology Resource Center, Central Bank of the Philippines, and the Philippine Patents Office, whose chairman shall be appointed by the Minister of Industry from among the members.

SEC. 826. Functions.—The Board shall:

- (1) Formulate policies and guidelines for the evaluation of technology transfer arrangements relative to imported industrial technology, including allowable maximum royalty rates for the licensing of such imported technology as well as the identification of restrictive business practices related thereto;
- (2) Evaluate and register licensing agreements and technical assistance contracts concerning the transfer of industrial technology and involving foreign companies or foreign-owned or controlled companies;
- (3) Establish a system for coordinating all governmental activities on technology transfer and ensure continuing and meaningful interaction among various government agencies, particularly with respect to the determination of the impact of technology transfer on national development;
- (4) Serve as forum for the continuing interchange of ideas and information among the concerned government agencies, the private sector and the general public on policy issues, problems and alternative approaches relating to technology transfer; and
- (5) Perform other functions provided by law.

CHAPTER 7—Attached Agencies

SEC. 827. Functions and Duties.—The Board of Investments, Iron and Steel Authority, Cement Industrial Authority, Export Processing Zone Authority, National

Development Company and the Presidential Advisory Committee on the Copper Industry which are attached to the Ministry shall continue with their respective organizational structures and perform the duties and functions assigned to them by law, subject to the requirements of economy, efficiency and effectiveness.

TITLE XVIII—MINISTRY OF PUBLIC HIGHWAYS

CHAPTER 1—*General Provisions*

SEC. 828. *Declaration of Policy.*—The Government shall initiate and support the adoption of uniform practices for designing, constructing, improving, rehabilitating and maintaining all road networks and related structures throughout the country for the safety and convenience of the traveling public.

SEC. 829. *Organization.*—(1) The Ministry of Public Highways, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Public Highways who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to its regular services, the Ministry shall have a Planning and Project Development Office, a Project Execution Service, a Special Projects Service, a Legal Service, a Soils and Materials Quality Control Service and a Manpower Development Service.

(3) The Bureau of Construction and Maintenance, the Bureau of Equipment and the Bureau of Barangay Roads shall be under the supervision and control of the Ministry.

(4) The Ministry shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code and perform such functions as are provided by law or delegated by the Minister.

SEC. 830. *Functions.*—The Ministry shall:

- (1) Maintain existing public highways and bridges, construct new public highways, bridges and related structures, barangay roads and airport runways, and operate equipment depots, shops, laboratories and quarries;
- (2) Conduct researches and studies on highway administration, legislation, finance, economics, utilization and safety, and street and highway traffic control; and undertake experiment on the best methods of road making with the use of local materials;
- (3) Supervise the engineering features of all roads, whether pertaining to the national or local governments;
- (4) Conduct feasibility studies and prepare plans, specifications and designs for road and bridge projects;
- (5) Connect all barangays to the town by constructing farm-to-market roads to provide the farmers with the means to transport their products; and
- (6) Perform other functions provided by law.

SEC. 831. *Functions of Office and Services.*—(1) The *Planning and Project Development Office* shall:

- (a) Formulate long-range and annual plans and programs on public highways for the Ministry;
- (b) Formulate basic policies and guidelines for the preparation of the Ministry budget;
- (c) Determine priorities for all proposed projects for funding and execution;
- (d) Undertake re-programming of projects in accordance with actual resources available;
- (e) Evaluate periodically performance reports, and integrate project implication for aggressive planning;
- (f) Maintain liaison with the central planning agency and other appropriate economic or planning bodies of the government;

(g) Study and evaluate all highway and airport runway projects as to their economic and technical feasibilities to meet the transport requirements of the growing economy; and

(h) Perform other functions provided by law.

(2) The *Project Execution Service* shall be responsible for monitoring and evaluating program implementation and project execution.

(3) The *Special Projects Service* shall be responsible for the formulation and development of all projects financed from funds supplied by international funding institutions and foreign sources.

(4) The *Legal Service* shall provide the Ministry with legal services including investigation of administrative charges against its personnel.

(5) The *Soils and Materials Quality Control Service* shall enforce quality control of materials to be used in the projects to ensure the stability and durability of the completed projects; provide technical guidance on all projects of the Ministry; and conduct researches on the suitability of local materials for construction to reduce the project costs.

(6) The *Manpower Development Service* shall implement the government policy of manpower development through specialized personnel training and development programs.

CHAPTER 2—*Bureaus*

SEC. 832. *Bureaus*.—The Bureau of Construction and Maintenance, the Bureau of Barangay Roads and the Bureau of Equipment are essentially staff in character and each shall be organized in accordance with the pertinent provisions of Chapter 4 of Book IV of this Code, and they shall have staff and operating units provided by law.

SEC. 833. Bureau of Construction and Maintenance; Functions.—The Bureau shall:

- (1) Provide technical advice to the Minister in the formulation and development of policies, plans, programs and standards for the construction and maintenance of roads, bridges and airport runways;
- (2) Provide working guidelines for the operating units of the Ministry;
- (3) Evaluate policies, plans, programs and standards;
- (4) Coordinate with the Planning and Project Development Office and the regional offices of the Ministry; and
- (5) Perform other functions provided by law.

SEC. 834. Bureau of Barangay Roads; Functions.—The Bureau shall:

- (1) Perform advisory, consultative and specialized staff functions;
- (2) Coordinate with local government officials regarding the construction, rehabilitation, improvement and maintenance of barangay roads and bridges insofar as national funds are concerned;
- (3) Formulate and develop for the Minister policies, plans, programs and standards for the construction, rehabilitation, betterment, improvement and maintenance of barangay roads and bridges within a province, city, municipality and barangay; and
- (4) Perform other functions provided by law.

SEC. 835. Bureau of Equipment; Functions.—The Bureau shall:

- (1) Manage and control the use of all equipment belonging to the Ministry;
- (2) Repair, maintain and allocate equipment to the Ministry field offices;
- (3) Formulate plans, programs and policies for equipment management and control; and
- (4) Perform other functions provided by law.

TITLE XIX—MINISTRY OF NATURAL RESOURCES

CHAPTER 1—General Provisions

SEC. 836. *Declaration of Policy.*—The Government shall encourage cooperative efforts to accelerate the development, and promote and insure the proper exploitation, utilization and conservation of the natural resources for the benefit of present and future generations.

SEC. 837. *Organization.*—(1) The Ministry of Natural Resources, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Natural Resources who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) In addition to the regular services provided in Chapter 3 of Book IV of this Code, the Ministry shall have a legal service, an agrarian reform unit, and a computer service unit.

(3) The Bureau of Forest Development, the Bureau of Lands, the Bureau of Mines, the Bureau of Fisheries and Aquatic Resources, and the Natural Resources Management Center shall be under the supervision and control of the Ministry. They shall, except the Natural Resources Management Center, be organized in accordance with Chapter 4 of Book IV of this Code, and shall have staff and operating units provided by law.

(4) The Bureau of Forest Development, the Bureau of Lands, and the Bureau of Fisheries and Aquatic Resources shall have regional offices which shall be organized in accordance with Chapter 5 of Book IV of this Code, and perform such functions as are provided by law or delegated by the Bureau Director. The Bureau of Mines shall have regional offices in accordance with its requirements as may be provided by law.

(5) The Presidential Committee on Wood Industries Development, the National Committee for Mineral Explo-

ration and Survey Operation, the Fishery Industry Development Council, the Forest Research Institute, the Natural Resources Development and Management Council, the Presidential Action Committee on Land Problems, the Philippine Fish Marketing Authority, and the Mineral Reservations Development Board are attached to the Ministry.

SEC. 838. Functions.—The Ministry shall:

- (1) Assess the status of the country's natural resources with the view of maximizing their utilization, programming their exploitation and providing for their replacement;
- (2) Meet the demands for mineral, aquatic and forest products brought about by growing population;
- (3) Conserve, revitalize, develop and manage the country's natural resources for present and future generations;
- (4) Increase the productivity of natural resources with reference to their utilization and exploitation; and
- (5) Perform other functions provided by law.

SEC. 839. Functions of Services.—(1) The *Legal Service* shall provide legal services on all legal matters affecting the Ministry.

- (2) *The Agrarian Reform Unit* shall assist in coordinating the work of the Ministry on land surveys, release of lands of the public domain for resettlement, and other activities related to the functions of the Ministry of Agrarian Reform.
- (3) *The Computer Service Unit* shall provide the Ministry with economical, efficient and effective service relating to electronics data processing.

CHAPTER 2—*Bureau of Lands*

SEC. 840. Functions.—The Bureau shall:

- (1) Enforce all laws, rules and regulations relating to the survey, administration, management and disposition

of alienable and disposable lands of the public domain, friar lands and all other patrimonial or public real property not placed by law or competent authority under the control of any other agency of the Government;

- (2) Exercise control and supervision over the survey, classification, grant, lease, sale or other forms of concession or disposition and management of all lands under its jurisdiction and custody. In determining the classification of the lands, the use and purpose to which they are best adapted or suited shall be considered;
- (3) Decide conflicting claims or interests over those lands and enforce its decisions, orders or resolutions relative thereto. Its decisions, orders or resolutions as to questions of fact, when affirmed by the Ministry Head, shall be conclusive;
- (4) Administer alienable lands of the public domain and all other lands that are now or may be placed under its jurisdiction;
- (5) Conduct area network surveys and surveys of the public domain and other public property, cadastral surveys and official surveys of private property, establish points of reference of surveys, and approve them in accordance with law and regulations;
- (6) Approve and issue land patents in accordance with law;
- (7) Gather information on land resources, such information to include the following: political boundaries and areas of cities, municipalities and provinces, land use, status of ownership, assessed value of lands, and other information and produce appropriate maps necessary for land resources development and management planning;
- (8) Conduct parcellary mapping and survey of all lands covered by the agrarian reform program; and
- (9) Perform other functions provided by law.

SEC. 841. Authority of Officers to Administer Oath and Take Testimony.—(1) The Director and the Assistant Directors are authorized to take testimony in official investigations conducted under authority of laws and regulations relating to the Bureau.

(2) A local land officer and any person designated by the Director of Lands as chief of a survey party, hearing officer, land investigator or inspector of the Bureau of Lands may administer oaths and take acknowledgments as aforesaid and, when so deputized by the Director of Lands, may exercise the same authority to take testimony as other officers hereinabove named.

SEC. 842. Regional Offices.—The regional offices shall implement in the region policies, plans, programs, rules and regulations of the Bureau in the disposition of alienable lands of the public domain and other lands acquired by the Government; execute cadastral surveys of cities and municipalities; verify, approve and produce land survey maps according to established standards; and perform other functions provided by law or delegated by higher authorities.

SEC. 843. Land Districts.—With the approval of the Minister of Natural Resources, the Director may establish land districts which, as far as practicable, shall be co-extensive with the territory of the respective provinces; but when the local conditions so require, two or more provinces or parts of provinces may be included in the same land district.

SEC. 844. District Land Officer.—In each land district, there shall be a land officer who, under the supervision of the Director, shall perform such duties relative to public agricultural lands as may be prescribed by law or regulation.

SEC. 845. Order for Making of Cadastral Survey.—When in the opinion of the President/Prime Minister, the public interest requires that the title to any land be settled

and adjudicated, he may order the Director to make a survey and plan thereof.

SEC. 846. *Publication of Notice of Survey.*—The Director shall thereupon give notice to persons claiming an interest in the lands, and to the general public, of the day on which the survey will begin, giving as full and accurate a description as possible of the lands to be surveyed. The notice shall be published in two successive issues of the Official Gazette, and a copy of the notice in the Pilipino and English languages shall be posted in a conspicuous place on the lands to be surveyed, and also in a conspicuous place in the municipal building of the municipality in which the lands, or any portion thereof, are situated. A copy of the notice shall also be sent to the mayor of such municipality and to the Sangguniang Panlalawigan.

SEC. 847. *Notice of Commencement of Survey.*—The surveyor or other employee of the Bureau in charge of the survey shall give reasonable notice of the day on which the survey of any portion of such lands is to begin, and shall post the notice in a conspicuous place in the municipal building of such municipality in which the lands are situated, and shall mark the boundaries of the lands by monuments set up at proper places thereon.

SEC. 848. *Right of Surveyor to Enter upon Lands.*—Surveyors and other employees of the Bureau are authorized in cadastral surveys to enter upon the lands whenever necessary for the making of such surveys or for the placing of monuments.

SEC. 849. *Duty of Claimants to Communicate Information Regarding Boundaries.*—It shall be the duty of every person claiming an interest in the lands to be surveyed, or in any parcel thereof, to communicate to the surveyor in-charge thereof all informations possessed by such person concerning the boundary lines of any land to which he claims title or any interest therein.

SEC. 850. *Institution of Registration Proceedings.*—

(1) When the lands have been surveyed and platted, the Director, represented by the Solicitor-General, shall institute registration proceedings by petition against the holders, claimants, possessors or occupants of such lands or any part thereof, stating in substance that the public interest requires that the titles in such lands be settled and adjudicated.

(2) The petition shall contain a description of the lands and shall be accompanied by a plan thereof, and may contain such other data as may serve to furnish notice to the occupants of the lands and to all persons who may claim any right or interest therein.

SEC. 851. *Boundaries and Divisions of Lots.*—(1) If the lands contain two or more parcels held or occupied by different persons, the plan shall indicate the boundaries or limits of the various parcels as correctly as possible. The parcels shall be known as "lots" and each shall be identified by separate "cadastral number" on the plan. The lots situated within a municipality shall, as far as practicable, be numbered consecutively beginning with number "one" and only one series of numbers shall be used that purpose in each municipality.

(2) In cities or townsites, a designation of the landholdings by block and lot numbers may be employed instead of the designation by cadastral numbers and shall have the same effect for all purposes as the latter.

SEC. 852. *Cadastral Survey Funds.*—The Director shall, at the end of each month, certify to the Commission on Audit and the Treasurer of the Philippines a statement showing the amounts reimbursed or collected on cadastral surveys made by the Bureau. The Treasurer of the Philippines is authorized to pay the Bureau an amount equal to the amount so certified as having been collected, and the necessary amounts to make such payments are hereby appropriated out of any funds in the National Treasury not otherwise appropriated, and such amounts shall be credited

to the appropriation of the Bureau for further cadastral surveys.

SEC. 853. *Private Land Survey.*—(1) The Bureau may, upon application therefor, make private land surveys for which a reasonable fee shall be charged.

(2) Private land surveys may also be made by duly qualified private land surveyors, but no plan of the survey, whether it be original or subdivision, shall be admitted in land registration proceedings unless approved by the Director.

SEC. 854. *Procedure Incident to Making of Survey.*—(1) The surveyors employed to make surveys for registration purposes, or to prepare maps and plats of property in connection therewith, shall give due notice in advance to the adjoining owners whose addresses are known, of the date and hour when they should present themselves on the property for the purpose of making the objections to the boundaries of the properties to be surveyed as they consider necessary for the protection of their rights.

(2) Surveyors shall report all objections made by adjoining property owners and occupants or claimants of any portion of land at the time of the survey and demarcation, giving a proper description of the boundaries claimed by such owners, occupants or claimants.

SEC. 855. *Demarcation of Boundaries.*—Surveyors shall define the boundaries of the lands surveyed for registration purposes by means of monuments placed thereon and shall indicate on the maps or plats the respective boundaries as designated, both by the applicant for the survey and adverse claimants of adjoining properties. The survey and demarcation of the boundaries of the lands as occupied by the applicant need not be suspended because of the presentation of any complaint or objection.

SEC. 856. *Expense of Rectification of Errors.*—If, in any registration proceeding involving such survey, the court shall find the boundary line designated by an adverse

claimant to be incorrect and that designated by the applicant to be correct, the expense of making any extra survey over that required by the applicant shall be assessed by the court as costs against the adverse claimants.

SEC. 857. *Regulations Relative to Private Surveyors.*—Private land surveyors employed in making a survey shall conduct said surveys in accordance with the regulations and instructions of the Bureau. Promptly upon completing their work, it shall be their duty to send their original field notes, computations, reports, surveys, maps and plats of the property surveyed to the Director for certification and approval.

CHAPTER 3—*Bureau of Forest Development*

SEC. 858. *Functions.*—The Bureau shall:

- (1) Enforce the provisions of the Revised Forestry Code and other laws, rules and regulations relating to forest resources management, reforestation and afforestation, parks, games and wildlife, forest protection, watershed improvement and other development and conservation activities within forest lands;
- (2) Exercise jurisdiction and authority in the administration of all forest lands, grazing lands, and all forest reservations, including watershed reservations presently administered by other government agencies or instrumentalities as defined in the Revised Forestry Code and other existing laws;
- (3) Issue licenses or permits, or recommend to the Ministry Head the issuance of long term licenses or lease agreements for the taking or use of timber and other forest products from forest lands or the occupancy or use thereof;
- (4) Issue licenses or permits for the taking or use of forest products within private lands;
- (5) Implement multiple use and sustained yield management in forest lands and be responsible for the protection, development, and preservation of national parks, marine parks, game refuges and wildlife;

- (6) Intensify reforestation, wildlife protection and range management;
- (7) Extend assistance towards the development, utilization and rationalization of the forest-based industries;
- (8) Regulate the establishment and operation of saw mills, veneer, plywood mills and other wood processing plants and issue permits for their operation;
- (9) Investigate and decide administrative cases and questions involving the occupancy of forest lands, including grazing lands, national parks, watersheds, game refuges and the disposition of forest products;
- (10) Conduct, in coordination with appropriate agencies, studies of domestic and world markets on forest products;
- (11) Promote industrial operations within forest lands and support fiscal policies associated therewith;
- (12) Disseminate information to secure public support and cooperation in the development and conservation of forest, game and wildlife resources;
- (13) Undertake, in collaboration with other bureaus, the efficient, effective and economic classification of lands of the public domain; the implementation of measures and programs to prevent kaingin; and the managed occupancy of forest and grazing lands; and
- (14) Perform other functions provided by law.

SEC. 859. *Police Authority.*—(1) Officers and employees of the bureau shall arrest even without warrant any person who has committed, is actually committing, is about to commit in his presence an offense against the provisions of the Revised Forestry Code of the Philippines or any law administered by it. Such officer or employee shall also seize and confiscate, in favor of the Government, the tools and equipment used in the commission of the offense and the forest products cut, gathered or taken by the offender in the process of committing the offense.

(2) Any person so arrested shall be brought before the proper authorities within the period prescribed by law.

CHAPTER 4—*Bureau of Mines*

SEC. 860. *Functions.*—The Bureau shall:

(1) Enforce the provisions of the Mining Law and all other laws, rules and regulations relating to mining and mineral resources, except those which are classified as sources of energy;

(2) Have direct charge in the administration and disposition of the mineral lands and mineral resources of the country, except those which are classified as sources of energy;

(3) Grant or recommend to the Minister of Natural Resources the granting of mining rights to duly qualified persons;

(4) Subpoena witnesses in any proceedings before the Panel of Investigators created by law, or before any special committee headed by the Director, and, in appropriate cases, punish said witnesses for contempt in accordance with pertinent provisions of the Rules of Court;

(5) Impose fines and/or penalties for violations of the provisions of the Mining Law, other laws, rules and regulations, orders, decisions and rulings of the Bureau;

(6) Confiscate, after due notice and hearing, surety, performance or guaranty bonds posted with the Bureau, upon failure to comply with the obligation or duty secured by the bond;

(7) Arrest or order the arrest of any person committing or is in the act of committing any of the offenses defined by the Mining Law, seize and confiscate or order the seizure and confiscation, in favor of the Government, of the tools and equipment used in the commission of the offense and the minerals extracted by the offender,

without prejudice to the institution of whatever action which may be necessary in connection therewith;

(8) Deputize, when necessary, any member or unit of the Philippine Constabulary, police agency, barangay, or any qualified person to police all mining activities;

(9) Require claim holders/operators as part of their mining activities to keep in their offices complete set of books of accounts showing all receipts and expenditures, the source of such receipts and the object of such expenditures, and assign authorized representatives of the Bureau to inspect such books of accounts;

(10) Require claim holders/operators to submit to the Bureau a verified semi-annual report in accordance with the Mining Law, and the implementing rules and regulations promulgated thereunder;

(11) Conduct or undertake geological, mining, metallurgical, chemical and other researches, and prepare reports thereon, and provide laboratory and technical services to the general public;

(12) Conduct geological and geophysical surveys of the Philippines and its territorial waters, and prepare reports and maps therefor;

(13) Conduct other kinds of surveys of all mineralized areas, inventory mineral resources of the Philippines, and prepare reports, boundary plans and maps therefor;

(14) Disseminate information concerning the administration and disposition of mineral lands, mining operations, utilization of minerals, mineral economics, geological and other surveys, researches, and such other activities of the Bureau of Mines through appropriate reports, bulletins and circulars, and conduct rural mineral education;

(15) Oversee the mining operations of holders/operators of mining claims, more particularly on mining practices and methods relating to protection of life and property, economy of operations, prevention of pollution, environmental protection, mineral conservation, and order the

suspension or closure of any or all mining operations for cause;

(16) Require the operator or lessee to take necessary measures to provide for the growth and development of any industry suitable for the area, other than mining in order that when the mine is exhausted or becomes no longer profitable for mining purposes the people residing therein or those who used to work for the mine will have a substitute industry or business activity to provide for their means of livelihood, and to place the mine or leased area in a condition suitable for habitation or agriculture;

(17) Keep records of mining locations, leases, patents, permits and licenses, and all documents and instruments related thereto; and

(18) Perform other functions provided by law.

CHAPTER 5—Bureau of Fisheries and Aquatic Resources

SEC. 861. Declaration of Policy.—The Government shall accelerate and promote the integrated development of the fishery industry, keep the fishery resources of the country in optimum productive condition through proper conservation and protection; encourage and promote the exportation of fishery and aquatic products; promote and assist the organization of, and help integrate the activities of, persons, associations, cooperatives and corporations engaged in the industry to maximize economic utilization of fishery resources.

SEC. 862. Functions.—The Bureau shall:

(1) Implement the provisions of all fishery laws, rules and regulations;

(2) Control and supervise the management, development, production, occupancy, demarcation, protection and

utilization of national and municipal fisheries, public fishery reserves and fishery reservations; and recommend to the Ministry Head the approval or disapproval of all local ordinances or resolutions on fisheries, without which approval those ordinances or resolutions shall have no force and effect;

(3) Issue licenses or permits granting fishery privileges, and collect fees for their issuance; and suspend, cancel, or revoke them for cause or when public interest so requires, subject to the approval of the Ministry Head;

(4) Inspect fish and fishery products for quality and compliance with prescribed standards and pertinent laws;

(5) License fishing boats of domestic ownership and foreign fishing boats under charter contracts, lease or lease-purchase agreement pursuant to Section 21 of Presidential Decree No. 704; record sales, transfers and encumbrances of those fishing boats; and perform other functions related thereto;

(6) Subject to the approval of the Ministry Head, lease public lands for fishpond purposes; and identify and recommend the reservation of public lands for fishpond development, fish propagation, fish sanctuary, conservation and ecological purposes;

(7) Control and supervise the survey, catching, stocking, disposition, protection and utilization of fish eggs, larvae, fry and fingerlings and other fish and fishery products;

(8) Prepare a comprehensive development program for the fishing industry indicating possible sources of inputs, including domestic and foreign financing and the priorities of allocation thereof;

(9) Study the ecology and biology of fishes; establish fish hatcheries, nurseries, and demonstration fishponds; stock with fish fry and fingerlings appropriate bodies of water; and promote or establish infrastructure facilities

for the fishing industry, and such fishery stations as may be necessary for research, training and fishery extension work purposes;

(10) Conduct experiments, tests, studies or demonstration services of fish capture and gathering of aquatic products, and the culture and processing thereof, including adoption of modern fishery methods, and disseminate the results thereof;

(11) Conduct oceanographic and limnological surveys and explore territorial and international waters to promote fishing and aquatic industries;

(12) Construct, repair, maintain and operate fishing boats belonging to or under the control of the Bureau;

(13) Render technical assistance and advisory services, including the procurement of fishing equipment, supplies and other fishing paraphernalia for fish capture, culture, processing and all other aspects of fisheries;

(14) Maintain a system of obtaining and disseminating fishery data and statistics and other useful information and promote organization of fishermen's associations and cooperatives;

(15) Undertake training programs for the development of the fishing industry and coordinate with, and provide assistance to, fishery educational institutions; and

(16) Perform other functions provided by law.

CHAPTER 6—*Miscellaneous Provisions*

SEC. 863. Agency under the Supervision and Control of and Agencies Attached to the Ministry.—The Natural Resources Management Center and the agencies attached to the Ministry of Natural Resources shall continue to operate in accordance with their respective organizational structures and perform the duties and functions assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE XX—MINISTRY OF ENERGY

CHAPTER 1—*General Provisions*

SEC. 864. Declaration of Policy.—Government efforts shall be directed to ensure a continuous and adequate supply of energy to achieve self-reliance in energy requirements.

SEC. 865. Organization.—(1) The Ministry of Energy, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Energy who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall be organized in accordance with Chapter 3 of Book IV of this Code.

(3) The Bureau of Energy Development and the Bureau of Energy Utilization, to be organized in accordance with Chapter 4 of Book IV of this Code, and the Philippine Atomic Energy Commission shall be under the supervision and control of the Ministry.

(4) The Philippine National Oil Company, the National Power Corporation and the National Electrification Administration shall be attached to the Ministry.

SEC. 866. Functions.—The Ministry shall:

(1) Formulate policies consistent with the objectives of this Title and pertinent national guidelines, and coordinate all activities of the Government relative to the exploration, exploitation, development, extraction, importation, exportation, use, marketing, distribution and storage of energy resources from fossil fuels such as petroleum, coal, natural gas and gas liquids; nuclear fuel resources; geothermal resources; and non-conventional existing and potential forms of energy resources;

(2) Encourage, guide and regulate such business activity relative to the exploration, exploitation, development, extraction, importation, exportation, marketing, distribution

and storage of fossil, nuclear, geothermal, and non-conventional forms of energy resources; and prescribe and collect fees in the exercise of such power;

(3) Assess, review and provide direction to, in coordination with government agencies concerned, energy research and development programs, including identification of sources of energy and determination of their commercial feasibility for development;

(4) Establish and administer a comprehensive and integrated program for the exploration, exploitation, development, extraction, importation, exportation, transport, marketing, distribution and storage of fossil, nuclear, geothermal and non-conventional forms of energy resources;

(5) Exercise the powers and functions of the abolished Energy Development Board and the Power Development Council transferred to it by law;

(6) Have jurisdiction, control and regulation over all watershed areas and reservations proclaimed or hereafter proclaimed as such by the President/Prime Minister;

(7) Promulgate rules and regulations to carry out the objectives of the Ministry, and

(8) Perform other functions provided by law.

CHAPTER 2—Bureau of Energy Development

SEC. 867. Powers and Functions.—The Bureau of Energy Development shall:

(1) Administer a national program for the encouragement, guidance, and whenever necessary, regulation of business activities relative to the exploration, exploitation, development and extraction of fossil fuels such as petroleum, coal, natural gas and gas liquids, nuclear fuel resources; geothermal energy resources; and non-conventional forms of energy resources;

(2) Undertake by itself or cause the undertaking by other institutions, government or private, of intensive

research and development to achieve the country's self-reliance and conservation program relative to energy resources;

(3) Exercise the powers and functions of the abolished Energy Development Board transferred to it by law;

(4) Issue subpoena and summon witnesses to appear in any proceeding before the Bureau;

(5) In addition to fines and/or penalties arising from contractual violations, to impose and collect, after due notice and hearing, a fine not exceeding One Thousand Pesos for every violation or non-compliance with any provision of Presidential Decree No. 87, Presidential Decree No. 972, as amended, Presidential Decree No. 1068 or any other laws being implemented by the Bureau, the rules and regulations promulgated thereunder, its orders, decisions and rulings, or of any permit or license issued by it;

The fine so imposed shall be paid to the Bureau, and failure to pay the fine within the time specified in the order or decision of the Bureau or failure to cease and discontinue the violation or non-compliance shall be deemed good and sufficient reason for the suspension, closure or stoppage of operations of the establishment of the person guilty of the violation or non-compliance. In case the violation or default is committed by a corporation or association, the manager or the person who has charge of the management of the corporation or association and the officers or directors thereof who have ordered or authorized the violation or default shall be solidarily liable for the payment of the fine;

The Bureau shall have the power and authority to issue corresponding writs of execution directing the City Sheriff or Provincial Sheriff or other peace officers whom it may appoint to enforce the fine or the order of closure, suspension or stoppage of operations. Payment may also be enforced by appropriate action brought in a court of competent jurisdiction. The remedy provided herein shall not be a bar to or affect any other remedy under existing

laws, but shall be cumulative and additional to such remedies;

(6) After due notice and hearing in an order to be promulgated by the Director of Energy Development, forfeit in favor of the Bureau, surety, performance, and guaranty bonds issued in favor of said Bureau;

(7) Promulgate rules and regulations as may be necessary, subject to the approval of the Minister, for the effective and economical exercise of its powers and functions; and

(8) Perform other functions provided by law.

The decisions, orders, resolutions or actions of the Bureau may be appealed to the Minister whose decisions are final and executory unless execution thereof is enjoined by the President/Prime Minister;

SEC. 868. Powers Relative to Petroleum.—For purposes of the exploration, development and exploitation of petroleum resources, the Bureau shall:

(1) Define and give public notice of the areas available for service contract;

(2) Enter into contracts, subject to the approval of the Ministry Head, under such terms and conditions as may be provided by law;

(3) Provide for the manner and form of the income tax payment, the reimbursement of operating expenses, the payment of service fee, and payment of Filipino participation incentive allowance, if any, in the service contracts;

(4) Make specific proposals to the President/Prime Minister for the grant of subsidy to contractors and petroleum companies, at least sixty percent of the capital of which is owned by Filipino citizens, to be derived from the revenue or share that will accrue to the Government pursuant to law;

(5) Undertake intensive studies and researches on oil field practices, procedures and policies;

(6) Promulgate such rules and regulations as may be necessary and assess charges for services rendered, to implement the intent and provisions of Presidential Decree No. 87; and

(7) Exercise other powers and functions provided by law.

SEC. 869. Powers Relative to Coal.—The Bureau shall implement all laws which aim to promote an accelerated exploration, development, exploitation, production and utilization of coal.

SEC. 870. Other Powers.—The Bureau shall:

(1) Undertake by itself or through other arrangements, such as service contracts, the active exploration, exploitation, development and extraction of energy resources in selected areas and/or in government reservations;

(2) Regulate all activities relative to the exploration, exploitation, development and extraction of fossil and nuclear fuels and geothermal resources; and when necessary, prescribe and collect reasonable fees in the exercise of such power;

(3) Exercise the powers and functions of the defunct Petroleum Board which were transferred to the Energy Development Board by Presidential Decree No. 910;

(4) Exercise the powers and functions of the Ministry of Natural Resources and the Bureau of Mines relative to the exploration, development and administration of coal bearing lands, geothermal energy, natural and methane gas;

(5) Formulate and direct the implementation of a comprehensive national energy program subject to periodic review and revisions on non-conventional energy research, development and utilization;

(6) Integrate, coordinate, direct and control all research, development and utilization efforts, programs and projects in non-conventional energy resources of all government

agencies and instrumentalities, including government-owned and controlled corporations;

(7) Review and approve all on-going or planned research, development and utilization projects on non-conventional energy resources, whether basic or applied in nature, supported or planned to be supported by government funds or funds obtainable elsewhere through government intercession or assistance;

(8) Formulate criteria for determining priority of proposed research, development and utilization projects on non-conventional energy resources, and accordingly identify and select execution, financing and funding schemes;

(9) Designate project implementors, coordinate and monitor the progress of all projects and activities, on-going or planned projects, in the implementation of the comprehensive national energy programs;

(10) Provide necessary and appropriate supportive efforts to the non-conventional energy research, development and utilization programs such as the launching of vigorous information and promotion drive, assistance and entry of suitable foreign expertise in order to accelerate the pace of local research, development and utilization and the training of qualified Filipino personnel in the various aspects of non-conventional energy, proliferation of those applications in which technologies have proven viable, such as bio-gas generation, windmills for water, pumping and power generation from agricultural and industrial wastes, establishment of demonstration systems like solar water heater, solar air-conditioning and energy plantations;

(11) Develop and implement specific programs requiring the participation of all sectors;

(12) Recommend or grant incentives to enterprises, industries and individuals who shall conduct their own or participate in research and development, or apply currently available non-conventional energy technology to their industrial processes or homes;

(13) Promulgate such rules and regulations as may be necessary to implement the objectives and provisions of Presidential Decree No. 1068; and

(14) Exercise other powers and functions provided by law.

SEC. 871. Approval of Service Contracts.—All service contracts entered into by the Bureau under this Chapter, as well as the transfer of interest therein, shall require the approval of the Ministry Head.

CHAPTER 3—*Bureau of Energy Utilization*

SEC. 872. Powers and Functions.—The Bureau of Energy Utilization shall:

(1) Administer a national program for the encouragement, guidance and, where necessary, regulation of such business activities as importing, exporting, storing, shipping, transporting, refining, processing, marketing and distributing of energy resources. *Energy resources* mean any substance by itself or in combination with others, or after processing or refining or the application to it of technology, emanates, generates or causes the emanation or generation of energy, such as but not limited to petroleum products, coal, marsh gas, methane gas, geothermal and hydroelectric sources of energy, uranium and other similar radioactive minerals, solar energy, tidal power as well as non-conventional existing and potential sources;

(2) Exercise such powers and functions of the defunct Oil Industry Commission under Republic Act No. 6173, as amended, which are transferred to it by law;

(3) Set conditions which would accomplish the purposes of this Title and Republic Act No. 6173, as amended, under which persons, natural or juridical, can engage or continue engaging in the business of importing, processing, exporting, re-exporting, shipping, transporting, refining, storing, distributing, marketing, or selling crude

oil, gasoline, kerosene, gas and other refined petroleum products or by-products;

(4) Impose and collect application, registration and license fees or charges. If said fees or charges are not paid within the time prescribed by the Bureau, the amount thereof shall be increased by twenty-five per centum, the increment to become part of the fee or charge;

(5) After due notice and hearing, impose and collect a fine not exceeding One Thousand Pesos, for every violation or non-compliance with any term or condition of any certificate, license, or permit issued by the Bureau or of any of its orders, decisions, rules or regulations.

The fine so imposed shall be paid to the Bureau, and failure to pay the fine within the time specified in the order or decision of the Bureau or failure to cease and discontinue the violation or non-compliance shall be deemed good and sufficient reason for the suspension, closure or stoppage of operations of the establishment of the person guilty of the violation or non-compliance. In case the violation or default is committed by a corporation or association, the manager or the person who has charge of the management of the corporation or association and the officers or directors thereof who have ordered or authorized the violation or default shall be solidarily liable for the payment of the fine.

The Bureau shall have the power and authority to issue corresponding writs of execution directing the City Sheriff or Provincial Sheriff or other peace officers whom it may appoint to enforce the fine or the order of closure, suspension or stoppage of operations. Payment may also be enforced by appropriate action brought in a court of competent jurisdiction. The remedy provided herein shall not be a bar to or affect any other remedy under existing laws, but shall be cumulative and additional to such remedies;

(6) Formulate, develop, and periodically review and revise as necessary, a comprehensive national energy conservation program;

(7) Conduct energy audit of energy-consuming establishments to evaluate and help improve energy utilization efficiency;

(8) Develop and adopt energy utilization standards;

(9) Require energy-intensive projects and establishments to submit an energy impact assessment to cover: energy utilization efficiency of proposed project; project operation timetable; projected production and energy consumption; effect of project on the energy network system of affected area; comparison of different fuel and site alternatives to assure most economical energy cost with due consideration to overall project economics;

(10) Promulgate, subject to the approval of the Minister, such rules and regulations as may be necessary for the efficient, effective and economical exercise of its powers and discharge of its functions; and

(11) Exercise other powers and functions provided by law.

The decisions, orders, resolutions or actions of the Bureau may be appealed to the Minister whose decisions are final and executory unless execution thereof is enjoined by the President/Prime Minister.

SEC. 873. *Other Powers.*—In addition to the powers and functions enumerated in the preceding section, the Bureau shall:

(1) Assure that the petroleum industry, as a business vital to the national interest, operates under conditions of orderly and economic competition;

(2) Protect gasoline dealers and distributors from unfair and onerous competition;

(3) Minimize the cost of, and the outflow of foreign exchange involved in, the operations of the industry;

(4) Induce and effect the increasing participation of Filipino capital, labor and management in the industry and

prevent discrimination against any person by reason of race, color, creed or political belief;

(5) Regulate investments of oil companies to prevent monopolies, cartels or combinations in restraint of trade, unfair competition and economic domination;

(6) Encourage and assist in the organization of associations of Filipino oil and gasoline dealers and distributors throughout the Philippines, public utility operators, gasoline and oil consumers, and other similar groups, through the formation of cooperatives or through other group action;

(7) Regulate the operations and trade practices of the industry to encourage orderly competition, prevent monopolies and collusive practices within the industry, giving due regard to the ecological and environmental needs of the country;

(8) Require that preference be given to Philippine vessels and bottoms for the purpose of transporting crude oil to and from the Philippines where said vessels can undertake said function on substantially the same terms and conditions as foreign-owned vessels;

(9) Take steps to prevent monopolies and combinations in restraint of trade within the petroleum industry;

(10) Authorize or approve the importation by any agency or instrumentality of the Government or a government-owned or controlled corporation of crude oil or petroleum product from any available source, over and above the normal importations of such entities, when there is a shortage of any petroleum product affecting public interest, and take such other steps as it may deem necessary, including the temporary adjustment of the levels of prices of petroleum products;

(11) Require all dealership agreements to be filed and registered with the Bureau as public documents;

(12) Set conditions under which persons, natural or juridical, can engage or continue engaging in the business of importing, exporting, re-exporting, shipping, transporting, processing, refining, storing, distributing, marketing, or

selling crude oil, gasoline, kerosene, gas, and other refined petroleum products or by-products;

(13) Issue subpoena and subpoena *duces tecum* in any inquiry study, hearing, investigation, or proceedings which it may decide to undertake in the exercise of its powers and functions;

(14) Promulgate rules and regulations, subject to the approval of the Minister, for the efficient and effective exercise of its powers and functions; and

(15) Exercise other powers and functions provided by law.

CHAPTER 4—Philippine Atomic Energy Commission

SEC. 874. Declaration of Policy.—The Government shall encourage, promote and assist in the development and use of atomic energy for all peaceful purposes, as a means to improve the health and prosperity of the people, contribute to the general welfare, and accelerate scientific, technological, agricultural, commercial and industrial progress.

SEC. 875. Organization.—The Philippine Atomic Energy Commission shall be headed by a Commissioner who shall be assisted by one or more Deputy Commissioners, and shall have such staff and operating units as may be provided by law.

SEC. 876. Qualifications.—In addition to the qualifications prescribed by law for a bureau director and assistant bureau director, the Commissioner and the Deputy Commissioner shall be persons who have achieved distinction in science or technology and who possess sufficient background in nuclear science and adequate administrative experience.

SEC. 871. Functions.—The Commission shall:

(1) Establish laboratories for nuclear research training;

(2) Conduct studies and researches on atomic energy and nuclear processes and techniques; processing of materials and devices used in the production of atomic energy;

and the utilization of special nuclear and other radioactive materials for commercial, industrial, medical, biological, agricultural or other peaceful purposes;

(3) Approve and facilitate the procurement of radioactive materials and instruments for use in nuclear laboratories;

(4) Study and evaluate project proposals on nuclear research from public and private sectors, and recommend technical, financial and other appropriate assistance thereto;

(5) Coordinate the work of research entities and government agencies and instrumentalities on nuclear science;

(6) Monitor nuclear research projects and activities financed or assisted under the Science Act;

(7) Recommend deserving citizens for training and scholarship grants in the Philippines or abroad on nuclear science;

(8) Dispose radioactive materials with or without charge;

(9) Receive grants, bequests and donations made or given for the purpose of aiding scientific and technological investigations or establishing scholarships or professorial chairs in the field of nuclear energy;

(10) Exercise supervision and control over the activities of the Atomic Research center and of such centers as may be created in the Commission;

(11) License, regulate or prohibit the importation or exportation of such atomic energy facilities and materials as may be necessary in the national interest;

(12) Modify, amend, suspend, or revoke any license issued in accordance with the provisions of the Atomic Energy Regulatory and Liability Act;

(13) Inspect activities which are licensed and require reports from licensees with regard to those activities;

(14) Conduct hearings and investigations in connection with its regulatory powers;

- (15) Establish boards to advise and make recommendations to the Commission and fix reasonable per diems of the members;
- (16) Call upon other government agencies and instrumentalities for assistance and cooperation in carrying out the Atomic Energy Regulatory and Liability Act;
- (17) Charge and collect reasonable fees in connection with its licensing and regulatory functions; and
- (18) Perform other functions provided by law.

CHAPTER 5—Attached Agencies

SEC. 878. *Functions and Duties.*—The agencies which are attached to the Ministry shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

TITLE XXI—MINISTRY OF YOUTH AND SPORTS DEVELOPMENT

CHAPTER 1—General Provisions

SEC. 879. *Declaration of Policy.*—In line with the objective of inculcating national discipline and developing a healthy and alert citizenry for national progress, the Government shall integrate nationwide youth development, physical fitness and sports development programs.

SEC. 880. *Organization.*—(1) The Ministry of Youth and Sports Development, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Youth and Sports Development who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law.

(2) The Ministry shall have an Administrative, Finance and Planning Office and Programs and Operations Office.

(3) The Ministry shall administer the National Academy for Sports and Physical Fitness.

(4) The Ministry shall have regional and field offices which shall be organized in accordance with Chapter 5 of Book IV of this Code.

(5) The Ministry shall be assisted by a National Advisory Council on Physical Fitness and Sports Development composed of the Minister of Youth and Sports Development, as chairman; and the Minister of National Defense through the Integrated National Police, Minister of Education and Culture, Minister of Health, Executive Director of the National Nutrition Council, Director General of the National Manpower and Youth Council, National Chairman of the Kabataang Barangay, and National Chairman of the Buklod ng mga Kabataang Kawani, as members.

(6) An Inter-Agency Services Committee within the Ministry shall be established to coordinate its programs with the programs of the other government entities.

SEC. 881. *Functions.*—The Ministry shall:

(1) Conduct basic and applied research on youth development;

(2) Encourage, initiate and establish youth organizations to promote and develop activities of persons not less than eleven years of age, and administer such organizations;

(3) Coordinate with the Ministry of Education and Culture on youth activities in school; the Ministry of National Defense on Citizens Army Training, Reserve Officers Training Corps and Summer Cadres; the Ministry of Labor on skills development and gainful employment; and the Ministry of Social Services and Development on activities of the disadvantaged youth;

(4) Promulgate, by mutual agreement and in continuing consultation with the Ministry of National Defense,

such guidelines as may permit community service as an acceptable substitute for compulsory military service;

(5) Establish summer camps and centers for youth leadership and other youth activities;

(6) Conduct promotion and fund-raising campaigns, in accordance with existing laws, to achieve its purposes;

(7) Plan and implement an integrated program of physical fitness and amateur sports development;

(8) Adopt and enforce a uniform set of rules to govern amateur athletes and sports in the Philippines for the accreditation, recognition and supervision of national sports associations, and the procedure to be observed by them in hearing and deciding controversies;

(9) Develop and maintain recreational facilities, playgrounds and sports centers in strategic places, and modern sports complexes for major international sports competitions;

(10) Assist the Ministry or agency concerned in the formulation of industry incentive programs for the local manufacture of sporting goods and equipment;

(11) Administer the National Academy for Sports and Physical Fitness in accordance with existing laws and regulations;

(12) Provide incentives to deserving associations or athletes under the rules of amateurism;

(13) Issue rules and adopt measures for the attainment of its objectives; and

(14) Perform other functions provided by law.

SEC. 882. *Functions of Offices.*—(1) The Administrative, Finance and Planning Office shall:

(a) Provide the Ministry with economical, efficient and effective services relating to personnel, legal, supplies, information, records, security and other general services;

(b) Provide the Ministry with economical, efficient and effective services relative to financial and budgetary matters;

(c) Provide the Ministry with the necessary staff assistance and advice relative to the development and evaluation of plans, programs and projects; and

(d) Perform other functions provided by law.

(2) The *Programs and Operations Office* shall:

(a) Provide the Ministry with the necessary staff assistance and advice relative to the implementation and evaluation of approved plans, programs and projects;

(b) Develop detailed programs of work, and coordinate and monitor the implementation of the programs and projects by the regional offices; and

(c) Perform other functions provided by law.

CHAPTER 2—*Physical Fitness and Sports Development Council*

SEC. 883. *Organization.*—(1) There shall be organized regional, provincial and municipal development councils to formulate policies geared towards an integrated national physical fitness and sports development program in their respective levels as follows:

(a) *The Regional Physical Fitness and Sports Development Council* which shall be composed of the Regional Director of the Ministry, as Chairman; and a representative of the Ministry of National Defense, through the Integrated National Police, the Regional Director of the Ministry of Education and Culture, the Regional Director of the Ministry of Health, the Regional Director of National Manpower and Youth Council, a representative of the National Nutrition Council, a representative of the Kabataang Barangay, and a representative of the Buklod ng Kabataang Kawani, as members;

(b) *The Provincial Physical Fitness and Sports Development Council* which shall be composed of the Provincial Governor as Chairman, and the Superintendent of Schools, the Provincial Health Officer, the Provincial Commander, the Provincial Coordinator of the Ministry, the Chairman of the Kabataang Barangay, and the Coordinator of the Buklod ng Kabataang Kawani, as members; and

(c) *The Municipal Physical Fitness and Sports Development Council* which shall be composed of the Municipal Mayor, as Chairman; and the School District Supervisor, the Municipal Health Officer, a representative of the Integrated National Police, the Chairman of the Buklod ng Kabataang Kawani, and the Chairman of the Kabataang Barangay in the municipality concerned, as members.

(2) The Kabataang Barangay shall be the action unit with line support from the different government agencies.

CHAPTER 3—*Miscellaneous Provisions*

SEC. 884. *National Sports Associations.*—(1) Application for accreditation or recognition as a national sports association for each individual sport in the country shall be filed with the Ministry together with a copy of the constitution and by-laws and a list of the members of the proposed association. The Ministry shall give the recognition applied for if it is satisfied that the national sports association to be organized will promote its objectives and has substantially complied with its rules and regulations. The accreditation or recognition may be withdrawn for violation of the rules and regulations.

(2) The Ministry shall supervise the national sports associations which shall however have exclusive technical control over the development and promotion of the particular sport for which they are organized.

SEC. 885. National Olympic Committee.—There shall be a National Olympic Committee, which shall operate in accordance with the rules and regulations of the International Olympic Committee, to be composed of the Minister, one representative from each of the national sports associations accredited by the Ministry and whose sports are included in the olympic games and the representative of the International Olympic Committee in the Philippines.

SEC. 886. Annual Athletic Meet.—The Ministry shall plan and hold each year one national athletic meet as an integral part of its nationwide physical fitness and amateur sports development program, which shall be preceded successively by local athletic meets in the municipal, city, provincial and regional levels. For this purpose, it shall coordinate with the Ministry of Education and Culture and the Ministry of Local Government and Community Development regarding the involvement or participation of all educational institutions, students, out-of-school youth, and local governments. The interscholastic meet *shall be managed* by the Ministry, and the various local meets through *its regional offices*, which activities shall all be funded from the *appropriations of the Ministry*.

SEC. 887. Recruitment of Amateurs.—No *amateur* player shall be recruited into the professional ranks and no professional shall be given or reverted to amateur status without the recommendation of the national sports associations concerned and prior approval of the Ministry.

SEC. 888. National Pool of Athletes.—In order to effect a coordinated and continuing program of training and development of the maximum potential of athletes, a national pool of athletes shall be maintained by the accredited national sports associations, through the supervision and support of the National Youth and Sports Development Foundation. The national pool of athletes for each sport shall be recommended by the national sport association and approved by the Ministry.

TITLE XXII—MINISTRY OF HUMAN SETTLEMENTS

Chapter 1—*General Provisions*

SEC. 889. Declaration of Policy.—It is hereby declared to be the policy of the government to foster the growth and renewal of our communities, both rural and urban, in an integrative manner that will promote optimum land use, adequate shelter, environmental protection, utilization of appropriate technology and rational interdependence amongst self-reliant communities, all these towards the fullest development of man as a civic person and as a human being, involving in this process the co-ordinated contribution of the public and private sectors.

SEC. 890. Organization.—(1) The Ministry of Human Settlements, hereafter referred to in this Title as the Ministry, shall be headed by the Minister of Human Settlements, who shall be assisted by one career Deputy Minister, except as may otherwise be provided for by law. For purposes of coordination, the Minister shall serve ex-officio as Chairman of each of the governing boards of the corporations, commissions and authorities which are placed under the supervision of the Ministry.

(2) The Ministry shall have a Corporate Planning Office.

(3) The National Housing Authority, the National Home Mortgage Finance Corporation, the Home Financing Commission, the National Housing Corporation, the Technology Resource Center, the National Environmental Protection Council, the National Pollution Control Commission and the Human Settlements Regulatory Commission are placed under the supervision of the Ministry.

The supervision of the government corporations and authorities listed above shall be for the purpose of policy and program coordination and integration.

(4) The Ministry shall establish as many regional offices as are necessary and consistent with the requirements of

economy and efficiency, to be organized in accordance with Chapter 5 of Book IV of this Code.

(5) The regional office shall have such counterpart units as may be necessary, corresponding to the major functional areas and responsibilities of the different corporations and agencies attached under it.

The Ministry shall, within each region, establish such sub-regional offices as may be necessary for the accomplishment of its declared objectives and policies.

SEC. 891. *Functions.*—The Ministry shall:

(1) Promulgate national standards and guidelines for human settlements which shall govern land use plans and zoning ordinances of local governments, civil works and infrastructure programs and projects of the National Government, and subdivision or estate development projects of both the public and private sectors;

(2) Promulgate national standards and guidelines for environment management relative to air quality, water quality, land use and waste management which shall govern development programs and projects and other activities in settled communities, urban or rural, as well as in those areas immediately contiguous thereto and develop an environment impact assessment system for the operationalization of said standards and guidelines;

(3) In coordination with the appropriate agencies, effect a single regulatory system relative to sub-division, zoning, including architectural design, building, fire and related regulations;

(4) Prepare and submit to the Board of the National Economic and Development Authority a national multi-year Human Settlements Plan which shall translate the Philippine Development Plan into spatial and temporal terms, based on the locational distribution of national resource endowments (including energy), population, climate, and production capacity;

(5) Formulate plans and programs and implement, either on its own initiative and operational responsibility or through the agencies or corporations placed under its supervision, projects for:

(a) Urban renewal and development, including but not limited to the construction and management of social and economic housing;

(b) Estate or New Town development within sites designated by the Office of the President/Prime Minister as Bagong Lipunan sites;

(c) Land assembly and real property management; and

(d) Development and installation on a community scale of waste management systems and or appropriate technologies;

(6) Promulgate appropriate rules and regulations which shall have regulatory force for the enforcement of its standards and guidelines;

(7) Enter into contracts, either domestic or foreign, under such terms and conditions as it may deem necessary and reasonable;

(8) Receive, take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, from foreign and domestic sources, any asset, grant or property, real or personal, subject to such limitations as are provided in existing laws and regulations; and to convey such asset, grants or property; invest and reinvest the same under this provision and deal with and expand its assets and income in such manner as will best promote its public welfare objectives;

(9) Develop and maintain in conjunction with co-operating agencies a responsive and effective information system through the establishment of a data bank to support the Ministry at various levels in the planning, monitoring, execution, coordination and control of its various activities, programs and/or projects;

- (10) Determine, fix and collect reasonable amounts to be charged as filing fees, inspection fees and other administrative or service fees necessary for the effective implementation of all the laws, Presidential decrees and other legal issuances enforced by the Ministry;
- (11) Supervise all corporations placed under the Ministry;
- (12) Call on any ministry, bureau, office, agency or instrumentality of the government, and private entities and organizations for cooperation and assistance in the performance of its functions;
- (13) Adopt rules and regulations for the transaction of its business; and
- (14) Perform such other activities which are necessary for the effective performance of the abovementioned functions and objectives.

SEC. 892. *Establishment of the National Capital Region.*—In view of the critical importance of the Metropolitan Manila region in human settlements development, it is hereby declared and established as the National Capital Region of the Republic of the Philippines, and its administration as such is hereby vested in the Minister of Human Settlements.

CHAPTER 2—*Human Settlements Development Corporation*

SEC. 893. *General Purpose.*—The Human Settlements Development Corporation, hereafter referred to in this Chapter as the Corporation, shall serve as the corporate arm of the Ministry, especially in the discharge of its functions relative to urban renewal, New Town and estate development in Bagong Lipunan sites and real property management. The corporation shall be subject to the supervision of the Ministry.

SEC. 894. Governing Body of the Corporation.—The Corporation shall be governed by a Board of Directors, composed of seven (7) members, as follows:

- (1) Minister of Human Settlements, as Chairman
- (2) Chairman of the Development Bank of the Philippines
- (3) Governor of the Central Bank of the Philippines
- (4) Minister of Local Government and Community Development
- (5) Minister of Public Works, Transportation and Communications
- (6) Minister of Industry.

The Chief Executive of the Corporation shall be a General Manager who shall be appointed by the Board.

SEC. 895. Powers and Functions of the Corporation.—The Corporation shall have the following powers and functions:

- (a) Prepare and implement development and/or renewal project plans for Bagong Lipunan sites;
- (b) Administer, operate and/or manage estates or New Town projects on Bagong Lipunan sites either exclusively or through subsidiary corporations or in association with other government (including local governments) or private entities;
- (c) Provide or operate utilities services in Bagong Lipunan project sites in accordance with law;
- (d) Acquire, purchase, clear, alter, construct, enlarge, occupy, mortgage, manage and dispose by lease or sale or otherwise deal in lands and buildings of every kind and character, whether belonging to or to be acquired by the Corporation; exercise the right of pre-emption, either by agreement or by expropriation; and in general, engage in real property management;

(e) Engage in the transfer of property rights of lands within designated Bagong Lipunan project sites, when deemed necessary, such that the land is exchanged for one of similar value; *Provided*, that no land acquired by the Corporation through eminent domain shall be sold or the title thereof disposed;

(f) Construct, or cause to be constructed, acquire, own, lease, operate and maintain infrastructure facilities, housing units, factory buildings, utilities and services, necessary or useful in the development of pilot communities;

(g) Fix, assess and collect charges and fees, including rentals for the lease, use or occupancy of lands, buildings, structures, and all the facilities owned and administered by the Corporation; to fix and collect fees and charges for the issuance of permits, licenses and the rendering of services not enumerated herein, the provisions of law to the contrary notwithstanding; *Provided*, that an equitable formula for sharing the proceeds thereof with the local governments or other government agencies concerned shall be developed and shall be in effect upon approval by the President;

(h) Recommend to the President/Prime Minister the transfer to the Corporation of all foreclosed properties held by government agencies located within Bagong Lipunan and prototype project areas;

(i) When essential to the proper administration of its corporate affairs or when necessary for the proper transaction of its business or for carrying out the purposes of this Decree, to issue bonds or contract loans, credits or indebtedness, domestic or foreign, the payment of which shall be guaranteed by the government through the President/Prime Minister or his duly authorized representative; and

(j) Prescribe its by-laws; adopt, alter and use a corporate seal which shall be judicially noticed; make contracts, lease, own or otherwise dispose of personal and real property; sue and be sued, and otherwise do and perform any and all acts and things that may be necessary

or proper to carry out the abovementioned functions and objectives.

CHAPTER 3—National Pollution Control Commission

SEC. 896. General Purpose.—The National Pollution Control Commission, hereafter referred to in this Chapter as the Commission, shall be responsible for the prevention, abatement and control of environmental pollution.

SEC. 897. Organization.—(1) The Commission shall be composed of one full-time Commissioner and two full-time Deputy Commissioners, one of whom shall be responsible for standard-setting and monitoring, and the other for enforcement;

(2) The Commissioner and the Deputy Commissioners shall be appointed by the President/Prime Minister. They must have technical expertise in the field of pollution control;

(3) There shall be an Inter-Agency Advisory Council composed of the representatives designated by the Ministers of Human Settlements, Agriculture, Health, Industry, Justice, Labor, Local Government and Community Development, National Defense, Natural Resources, and Public Works, Transportation and Communications; and the heads of the Laguna Lake Development Authority and the National Science Development Board. The Commissioner shall head the Inter-Agency Advisory Council.

SEC. 898. Functions.—The Commission shall:

(1) Develop and implement plans and programs to prevent or abate water, air and land resources pollution consistent with industrial development;

(2) **Promote** cooperative efforts between government and private industry in **providing** necessary treatment works, facilities and device for pollution **abatement** and control activities;

- (3) Conduct researches on the nature, location, magnitude, severity causes and effect of water, air and pollutants, and their deleterious effects on nature and all living matters; and
- (4) Perform other functions provided by law.

CHAPTER 4—*National Environmental Protection Council*

SEC. 899. General Purpose.—The National Environmental Protection Council, hereafter referred to in this Chapter as the Council, shall serve as the central authority that will oversee, unify and integrate the planning, management and implementation of the government's environment program.

SEC. 900. Organization.—The Council shall be composed of the Minister of Human Settlements, as Chairman; the Minister of Natural Resources as Executive Officer; and as members, the Presidential Assistant for Development; the Minister of Public Highways; the Minister of Local Government and Community Development; the Minister of Industry; the Minister of National Defense; the Minister of Public Works, Transportation and Communications; the Minister of Energy; the Minister of the Budget; the Chairman of the National Pollution Control Commission; the Chairman of the National Science Development Board; and the Chairman of the Board of Environmental Center of the Philippines.

SEC. 901. Functions.—The Council shall:

- (1) Rationalize the functions of government agencies charged with environmental protection and with the enforcement of environment-related laws to the end that effective, coordinated and integrated systems of environmental protection, research and implementation and enforcement of such laws shall be achieved;

- (2) Formulate policies and issue guidelines for the establishment of environmental quality standards and environmental impact assessments;
- (3) Recommend new legislation or amendments to existing ones to cope with the changes in the environment status of the country;
- (4) Undertake a comprehensive and a continuing research program for environment protection;
- (5) Review environmental impact assessments of projects submitted by government agencies;
- (6) Monitor development projects initiated by government and private agencies and to see to it that they are in line with priorities of the government on environmental protection;
- (7) Conduct as it deems appropriate, public hearings or conferences on issues of environmental significance;
- (8) Conduct a continuing educational and training campaign programs on the enhancement of the quality of life through environmental improvement;
- (9) Organize the most appropriate implementing mechanism relative to the performance of its assigned functions;
- (10) Call on any department, bureau, office, agency or state university or college and other instrumentalities of the government for assistance in the form of personnel, facilities and other resources as the need arises in the discharge of its functions;
- (11) Prepare annual environment status reports; and
- (12) Promulgate rules and regulations to carry out the provisions of Presidential Decree No. 1121.

CHAPTER 5—*Human Settlements Regulatory Commission*

SEC. 902. General Purpose.—The Human Settlements Regulatory Commission, hereafter referred to in this

Chapter as the Commission, shall be responsible for formulating human settlements perspectives and policies, designing operational programs for the control of all forms of environmental blight or deterioration, and adopting and implementing measures for ensuring the safety and wholesomeness of life in our communities with due regard to considerations of space, efficient land use, equity in resource distribution, and rational relationships amongst our communities.

SEC. 903. Organization.—(1) The Commission shall be composed of the Minister of Human Settlements as ex-officio chairman and the following members: (a) the Deputy Director-General, National Economic and Development Authority; (b) the Deputy Minister, Ministry of Public Works, Transportation and Communications; (c) the Deputy Minister, Ministry of Public Highways; (d) the Deputy Minister, Ministry of Natural Resources; (e) the Deputy Minister, Ministry of Justice; (f) the Deputy Minister, Ministry of Local Government and Community Development; (g) the General Manager, National Housing Authority; (h) the full-time Commissioner of the National Pollution Control Commission; (i) Deputy Minister, Ministry of Agriculture; (j) Deputy Minister, Ministry of the Budget; (k) Deputy Minister, Ministry of Energy; and (l) a Deputy Chairman who shall be appointed by the President/Prime Minister.

(2) The Commission is authorized to create such working sub-committees as may be needed for carrying out the functions of the Commission.

(3) The Commission shall appoint and maintain an adequate technical and administrative staff, which shall be headed by an Executive Director.

SEC. 904. Functions.—The Commission shall:

(1) Promulgate rules and regulations to ensure compliance with policies, plans, standards and guidelines on

human settlements which shall be enforced by the Ministry;

(2) Assist and coordinate with the National Pollution Control Commission in the performance of its functions such as the setting of performance standards for emittants, industrial wastes, fire hazards and the like to ensure that factories, plants, industries and the like shall provide adequate and effective devices for the healthy and safe disposal of industrial wastes and shall install anti-pollution devices, safety devices and that like and otherwise use their property in accordance with prescribed policies, rules and regulations promulgated by the Commission;

(3) Formulate national standards, rules and regulations to be formulated and observed by the regional and local planning authorities in the preparation and implementation of human settlements policies, plans and programs and regional standards and guidelines on land use, classification, and readjustment schemes in coordination with the appropriate government entities and with the concurrence of the Regional Development Councils concerned; and

(4) Formulate model ordinances and development regulations, and housing and rental codes for the guidance of and possible consideration, by regional and local planning authorities, including local governments.

CHAPTER 6—Other Agencies Under the Ministry

SEC. 905. Organization and Functions.—Except as otherwise provided in this Code and pertinent laws, the other corporations, commissions and authorities placed under the supervision of the Ministry shall continue with their respective organizational structures and perform the duties and functions assigned to them by law, subject to the requirements of efficiency, effectiveness and economy.

TITLE XXIV—NATIONAL SCIENCE DEVELOPMENT BOARD

CHAPTER 1—General Provisions

SEC. 906. Declaration of Policy.—The State shall promote scientific research and invention, and give priority to the advancement of science and technology for national development.

SEC. 907. Organization.—(1) The powers and functions of the National Science Development Board (NSDB) are vested in a Board of Governors composed of a full-time Chairman who shall be a member of the Cabinet, a full-time Vice-Chairman who shall concurrently be the Executive Director of the NSDB, and the Minister of Economic Planning, the Minister of Education and Culture, the Minister of Energy, the Minister of Industry, and the President of the University of the Philippines, as *ex-officio* members, and two part-time members from the private sector who have demonstrated competence in scientific and technological research and development in the field of agriculture, industry, technology, education and community development.

(2) No member of the Board of Governors shall head any of the implementing agencies of the NSDB.

(3) The two members from the private sector shall be appointed by the President/Prime Minister for a term of six years.

(4) The NSDB shall have regular services provided in Chapter 3 of Book IV of this Code, and the Education and Public Affairs Service.

(5) The Commission on Volcanology, the Food and Nutrition Research Institute, the Forest Products Research and Industries Development Commission, the National Institute of Science and Technology, the Philippine Inventors Commission and the Philippine Textile Research Institute shall be under the administrative supervision of the NSDB.

(6) The Metals Industry Research and Development Center, the Philippine Council for Agriculture and Resources Research, the Philippine Science High School, the National Research Council of the Philippines, the Science Foundation of the Philippines, and the National Academy of Science and Technology shall be attached to the NSDB.

SEC. 908. *Functions.*—The NSDB shall:

(1) Plan, stimulate, coordinate and guide the scientific and technological efforts of all government agencies and private enterprises;

(2) Formulate, with the approval of the President/Prime Minister, national scientific policies, and prepare comprehensive scientific and technological programs which shall be implemented by all government agencies;

(3) Establish a system of priorities for scientific and technological projects;

(4) Review and analyze scientific and technological projects, schedule of activities, programs and project proposals, including the progress of projects being undertaken, and take such measures necessary to accomplish the objectives and policies involved in these activities;

(5) Develop programs for the effective training and utilization of scientific and technological manpower;

(6) Initiate and facilitate arrangements for scientific and technological aid from domestic private sectors and foreign sources, and for the exchange of information among local and foreign institutions and scientific investigators;

(7) Offer to and accept from public and scientific sectors, specific project proposals of scientific or technological research and development in accordance with existing law and provide appropriate financial, technical and other support thereto;

(8) Provide incentives, including financial and technological support, for the establishment of scientific and technological centers;

- (9) Disseminate the results of scientific and technological research and encourage their practical application;
- (10) Grant scholarships in all branches of science, technology and science teaching to deserving citizens;
- (11) Grant awards, bonuses or prizes to deserving scientific, engineering and technological researchers and inventors and pay additional compensation to them, if employed in the Government;
- (12) Extend travel grants for scientific or technological purposes, send delegates and observers to scientific and technological conferences or conventions, and promote and assist scientific and technological missions abroad;
- (13) Undertake, in collaboration with the Ministry of Education and Culture, periodic surveys of the educational system to determine and recommend measures necessary to make it an effective instrument for scientific advancement;
- (14) Initiate and formulate measures designed to promote scientific effort and science consciousness; and
- (15) Perform other functions provided by law.

SEC. 909. *Functions of the Board.*—The Board of Governors shall:

- (1) Formulate policies, plans and programs for the development and maximum utilization of scientific, engineering and technological resources;
- (2) Promulgate rules and regulations to achieve the goals and objectives of the NSDB;
- (3) Promote and encourage the dissemination of the results of scientific and technological research, and the general application thereof;
- (4) Establish a personnel management program for the technical and scientific personnel of the NSDB that shall allow maximum flexibility with respect to qualifications, transfers, details, assignments, promotions, discipline and dismissals in accordance with the Civil Service Law;

(5) Approve the budget proposals of the NSDB proper, and its implementing agencies;

(6) Submit a detailed report of expenditures to the National Assembly and the President/Prime Minister within sixty days after the end of the fiscal year; and

(7) Perform other functions provided by law.

SEC. 910. *Duties of the Chairman.*—The Chairman shall:

(1) Preside over the meetings of the Board of Governors, and implement its decisions;

(2) Promulgate rules and regulations to carry out the policies approved by the Board;

(3) Exercise supervision and control over the Board proper and administrative supervision over all of its implementing agencies;

(4) Coordinate the policies and programs of all agencies attached to the NSDB;

(5) Appoint and discipline personnel of the NSDB, subject to the approval of the Board of Governors; and

(6) Perform other functions provided by law.

SEC. 911. *Duties of the Vice-Chairman/Executive Director.*—The Vice-Chairman/Executive Director shall:

(1) Advise and assist the Chairman in the formulation and implementation of rules and regulations necessary to carry out the objectives and policies of the Board;

(2) Exercise immediate supervision over the organizational units of the NSDB proper;

(3) Oversee all the operational activities of the agencies under the NSDB for which he shall be responsible to the Chairman;

(4) Coordinate the programs and projects of the NSDB and be responsible for its economical, efficient and effective administration;

(5) Serve as deputy to the Chairman in all matters relating to the operations of the NSDB; and

(6) Perform other functions provided by law.

SEC. 912. Functions of the Education and Public Affairs Service.—The Education and Public Affairs Service shall be responsible for developing and supervising the NSDB-assisted scientific manpower development and scholarship projects, undertaking national and international liaison and scientific cooperation programs with research organizations and institutions, and implementing a program for dissemination of scientific information.

CHAPTER 2—*Commission on Volcanology*

SEC. 913. General Purpose.—The Commission on Volcanology shall be responsible for volcanological research to safeguard life and property, and for undertaking geothermal research.

SEC. 914. Organization.—(1) The Commission shall be headed by a Commissioner who shall be assisted by a Deputy Commissioner. They shall be appointed by the President/Prime Minister.

(2) In addition to the qualifications prescribed by law for bureau director and assistant bureau director, the Commissioner and the Deputy Commissioner must have distinguished accomplishments in volcanological research and geothermal studies, and broad administrative experience.

(3) The Commission shall have staff and operating units provided by law.

SEC. 915. Functions.—The Commission shall:

(1) Conduct studies of active volcanoes and establish the necessary facilities to predict eruptions, formulate plans for action and relief to help mitigate the after-effects of a volcanic disaster;

- (2) Recommend measures necessary to protect life and property in places endangered by volcanic action and close to human habitation;
- (3) Establish and operate research centers, conduct research on the technological feasibility of utilizing volcanic products, ways and means of rehabilitating devastated areas, including research on geothermal potential; and
- (4) Perform other functions provided by law.

CHAPTER 3—Food and Nutrition Research Institute

SEC. 916 *General Purpose.*—The Food and Nutrition Research Institute shall be responsible for accelerating and promoting the development of food and nutrition research.

SEC. 917. *Organization.*—(1) The Institute shall be headed by a Director who shall be assisted by an Assistant Director. The Director and Assistant Director shall be appointed by the President/Prime Minister.

(2) In addition to the qualifications prescribed by law for bureau director and assistant bureau director, the Director and Assistant Director of the Institute must have distinguished accomplishments in scientific research on food and nutrition, and broad administrative experience.

(3) The Institute shall have staff and operating units provided by law.

SEC. 918. *Functions.*—The Institute shall:

(1) Undertake surveys and researches on the basic and applied services of food and nutrition, nutritional requirements and diets, physiological standards and food preparation;

(2) Provide technical and consultative services on matters pertaining to food and nutrition, disseminate nutrition information, extend expert advice and cooperate with government and private institutions and organizations engaged in nutrition work or in the planning and implementation of nutrition programs;

(3) Receive subsidies, grants, bequests, gifts and donations, and charge reasonable fees for services rendered; and

(4) Perform other functions provided by law.

CHAPTER 4—Forest Products Research and Industries Development Commission

SEC. 919. *General Purpose.*—The Forest Products Research and Industries Development Commission shall be responsible for accelerating, expanding and promoting the development of wood and other forest products.

SEC. 920. *Organization.*—(1) The Commission shall be headed by a Commissioner who shall be assisted by a Deputy Commissioner. They shall be appointed by the President/Prime Minister.

(2) There shall be an Advisory Council to advise the Commission on matters relating to forest products and industries development. The Council shall be composed of the Director of Forest Development as Chairman; and the Dean, College of Forestry, University of the Philippines; retired director of the Forest Products Research Institute; retired commissioners of the Forest Products Research and Industries Development Commission, and three others to be appointed by the NSDB Chairman, as members. The appointive members shall serve for a term of three years.

(3) In addition to the qualifications prescribed for bureau director and assistant bureau director, the Commissioner and the Deputy Commissioner must be career men who have distinguished themselves in science and technology and in forest products research.

(4) The Commission shall have staff and operating units provided by law.

SEC. 921. *Functions.*—The Commission shall:

(1) Conduct research on the properties, uses, processing and protection of wood and wood products, and

develop such practices and processes that will increase their utility, value, quality and serviceability;

(2) Establish, expand, maintain and operate research centers, laboratories, offices and pilot plants in different regions, improve service or assist existing and new industries in their technological development and train technicians for the wood and forest products industries;

(3) Furnish technological information and publish information pertaining to the results of research on forest products;

(4) Accept grants or donations, or assignment of patents, grant exclusive or non-exclusive rights for their use, and charge reasonable fees for services rendered; and

(5) Perform other functions provided by law.

CHAPTER 5—National Institute of Science and Technology

SEC. 922. General Purpose.—The National Institute of Science and Technology shall undertake scientific and technological research.

SEC. 923. Organization.—(1) The Institute shall be headed by a Commissioner who shall be assisted by a Deputy Commissioner. They shall be appointed by the President/Prime Minister.

(2) In addition to the qualifications prescribed by law for bureau director and assistant director, the Commissioner and Deputy Commissioner must have distinguished accomplishments in scientific and technological research, and broad administrative experience.

(3) The Institute shall have staff and operating units provided by law.

SEC. 924. Functions.—The Institute shall:

(1) Plan and implement programs of scientific and technological research and development;

- (2) Establish and operate laboratories, pilot plants and experimental stations;
- (3) Develop and maintain standards of measurement and calibration, and methods of testing materials, mechanisms and structures;
- (4) Provide government and private entities with scientific and technological data, and information on developments in research;
- (5) Serve as consultant and referee on technical and scientific matters, receive assignments of patents, grants, donations or bequests, and charge reasonable fees for services rendered; and
- (6) Perform other functions provided by law.

CHAPTER 6—Philippine Inventors Commission

SEC. 925. General Purpose.—The Philippine Inventors Commission shall provide assistance to inventors, and promote and encourage research and invention.

SEC. 926. Organization.—(1) The Commission shall be headed by a Commissioner who shall be assisted by a Deputy Commissioner. They shall be appointed by the President/Prime Minister.

(2) The Commission shall have staff and operating units provided by law.

SEC. 927. Functions.—The Commission shall:

(1) Give technical, legal, financial and marketing assistance to inventors;

(2) Establish and maintain public research laboratories and experimental stations where researchers may avail themselves of facilities and services for perfecting inventions;

(3) Promote and encourage inventiveness and creativity, and publish and disseminate information about inventions, researches and science in general; and

(4) Perform other functions provided by law.

CHAPTER 7—Philippine Textile Research Institute

SEC. 928. General Purpose.—The Philippine Textile Research Institute shall promote the development of the local textile industry.

SEC. 929. Organization.—(1) The Institute shall be headed by a Director who shall be assisted by an Assistant Director. They shall be appointed by the President/Prime Minister.

(2) In addition to the qualifications prescribed by law for bureau director and assistant bureau director, the Director and Assistant Director of the Institute shall have at least five years of experience in research and/or the organization and management of a research institute.

(3) There shall be an Advisory Committee composed of seven members, four of whom represent the private millers upon recommendation of the Textile Mills Association of the Philippines, and one representative each from the Ministry of Agriculture, the NSDB and the general public. They shall be appointed by the Chairman of NSDB.

(4) The Institute shall have staff and operating units provided by law.

SEC. 930. Functions.—The Institute shall:

(1) Conduct research in projects that will enhance the growth and production of raw materials needed by the textile industry;

(2) Engage in basic and technological projects for the improvement or invention of machinery, equipment processes or production methods of the textile industry;

- (3) Provide technological assistance and disseminate information on local textiles regarding specifications, standards, results of tests on fibers, farm, textile fabrics, auxiliaries, chemicals and dyestuff;
- (4) Conduct training programs and marketing studies, receive grants, bequests and donations, and secure patent rights; and
- (5) Perform other functions provided by law.

CHAPTER 8—Philippine Council for Agriculture and Resources Research

SEC. 931. General Purpose.—The Philippine Council for Agriculture and Resources Research shall undertake research necessary to support progressive development in agriculture, forestry, fisheries and mining.

SEC. 932. Organization.—(1) The Council shall be composed of the NSDB Chairman as Chairman; the Minister of Agriculture and the Minister of Natural Resources as Vice-Chairmen; and the Minister of the Budget, the Minister of Economic Planning, the President of the Association of Colleges of Agriculture in the Philippines, the Chancellor of the University of the Philippines at Los Baños, the Director-General of the Council, and two outstanding leaders in the producers and business sector of agriculture and natural resources to be appointed by the President/Prime Minister, as members.

(2) The Council shall have staff and operating units provided by law.

SEC. 933. Functions.—The Council shall:

- (1) Establish a system of priorities for agriculture, forestry, fisheries and mining research and provide mechanics for updating these priorities;
- (2) Develop and implement a fund generating strategy for supporting agricultural research;

(3) Program the allocation of all government revenues earmarked for agricultural research to implement a dynamic national agricultural research program and provide the mechanism for the assessment of the progress and updating of said program;

(4) Establish, support and manage the operation of a national network of centers for the various research programs in crops, livestock, forestry, fisheries, soils, waters and mineral resources, and socio-economic researches related to agriculture and natural resources;

(5) Establish a repository for research information in agriculture, forestry, fisheries and mining;

(6) Take charge of all government-supported and funded researches on mineral resources, except petroleum and other mineral oils; and

(7) Perform other functions provided by law.

SEC. 934. Duties of Director-General.—The policies and guidelines formulated by the Council shall be implemented by the Director-General who shall be the head of the Secretariat.

CHAPTER 9—*National Academy of Science and Technology*

SEC. 935. Declaration of Policy.—The State shall provide recognition for outstanding accomplishments in science and technology.

SEC. 936. Composition.—(1) The National Academy of Science and Technology shall be composed of not more than fifty outstanding scientists at any one time to serve as reservoir of competent scientific and technological manpower for the country. This number may be increased by a two thirds vote of all the members and approval thereof by the President/Prime Minister.

(2) The term "scientist" shall refer to a person who has earned a doctoral degree in any field of science in an accredited university and has demonstrated and earned distinction in independent research or significant innovative achievement in the basic and applied science, in mathematics and in the social sciences, as manifested by his published works in recognized scientific and technical journals. In highly meritorious and extremely exceptional cases, the doctoral degree requirement may be waived.

SEC. 937. *Executive Council.*—(1) The general administration and direction of the affairs of the Academy shall be vested in an Executive Council of seven members who shall be appointed by the President/Prime Minister from among at least ten members nominated by the Academy, for a term of three years. In case of any vacancy, the appointee thereto shall serve only the unexpired term.

SEC. 938. *Membership.*—(1) A Filipino scientist may become a member of the Academy when his nomination for membership which shall be made by at least three members of the Academy is approved by a majority of all the members thereof. Membership in the Academy shall carry with it the title of "Academician."

(2) Except when terminated for cause or by voluntary resignation, membership in the Academy shall be for life.

(3) The Academy may provide its members the following benefits and privileges:

(a) Free publication of scientific and technological works;

(b) Travel support for attendance and participation in international conferences; and

(c) Such other incentives designed to promote scientific and technological efforts and achievements.

CHAPTER 10—*Miscellaneous Provisions*

SEC. 939. *Attached Agencies and Agencies under Administrative Supervision.*—The agencies under the administrative supervision of or attached to NSDB shall continue to operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of efficiency, economy and effectiveness.

BOOK V—CONSTITUTIONAL COMMISSIONS

TITLE A—CIVIL SERVICE AND PUBLIC OFFICERS

CHAPTER 1—*General Provisions*

SEC. 940. *Declaration of Policy.*—The management of government personnel shall be based upon a merit system in which entry into the service, except as to those positions which are policy-determining, primarily confidential, or highly technical in nature, shall be determined, as far as practicable, by competitive examination and the progress of those already in the service shall be based upon comparative merit and achievement. The Government, with the Civil Service Commission exercising the leadership role, shall institute continuing training and career development programs to enhance the performance of employees and adopt other measures to promote morale and the highest degree of responsibility, integrity, loyalty, efficiency and professionalism in the civil service.

SEC. 941. *Norm of Official Conduct.*—A public office is a public trust. Public officers and employees shall serve with the highest degree of responsibility, integrity, loyalty and efficiency, and shall remain accountable to the people.

SEC. 942. *Terms and Conditions of Employment.*—The terms and conditions of employment of all government officers and employees, including those of government-owned or controlled corporations, shall be governed by this Title and by the rules and regulations promulgated by the Civil Service Commission.

SEC. 943. *Compensation.*—The National Assembly shall provide for the standardization of compensation of

government officials and employees including those in government-owned or controlled corporations taking into account the nature of the responsibilities pertaining to, and the qualifications required for the positions concerned.

SEC. 944. *Waiver of Rights*.—No public officer shall require any applicant for employment or any employee to waive any rights accruing to him under the provisions of this Title.

SEC. 945. *Definition*.—As used in this Title and unless otherwise specified:

(1) *Ministry* refers to any of the executive ministries or entities of the same category as a ministry. For purposes of this Title, the Commission on Elections, Commission on Audit, Civil Service Commission, Supreme Court, and the National Assembly (*Batasang Pambansa*) shall be considered as the equivalent of a ministry.

(2) *Commission* refers to the Civil Service Commission.

(3) *Agency* means any office, commission, administration, board, institute, corporation, or any other unit of the National Government, as well as provincial, city or municipal government, except as hereinafter otherwise provided.

(4) *Chairman* refers to the Chairman of the Civil Service Commission.

(5) *Commissioner* refers to either of the two other members of the Commission.

(6) *Appointing Officer* refers to a person or body authorized by law to issue appointments and, generally, vested with the authority to discipline employees.

(7) *Eligible* refers to a person who has been granted a civil service eligibility which has not prescribed and whose name appears in the register of eligibles maintained by the Commission.

(8) *Examination* refers to a civil service examination conducted by the Commission or by other ministries or

agencies with the assistance of, or in coordination with, the Commission. The Commission may delegate to the ministries and agencies the authority to conduct examinations.

(9) *Personnel Action* refers to any action denoting movement of personnel in the civil service. Such action includes appointment, promotion, transfer, reinstatement, reemployment, detail, reassignment, demotion or separation.

CHAPTER 2—*Coverage*

SEC. 946. *Scope of the Civil Service.*—(1) The Civil Service embraces every branch, agency, subdivision and instrumentality of the Government, including every government-owned or controlled corporation.

(2) Positions in the civil service shall be classified into career service and non-career service positions.

SEC. 947. *The Career Service.*—(1) The career service is composed of open career positions and close career positions characterized by (a) entrance based on merit and fitness to be determined as far as practicable by competitive examinations or based on exceptional qualifications; (b) opportunity for advancement to higher career positions; and (c) security of tenure.

(2) The open career positions shall be governed by Civil Service Law and rules and policies and standards set by the Civil Service Commission. It shall include:

(a) Positions found in the different ministries and agencies of the government including government-owned and controlled corporations and local governments appointment to which prior qualification in an appropriate examination is required.

(b) Positions in the career executive service, namely; Deputy Minister, Assistant Secretary, Bureau Director, Assistant Bureau Director, Regional Director, Assistant Regional Director, Ministry Service Chief, and other officers of

equivalent rank as may be identified by the Career Executive Service Board, all of whom are appointed by the President/Prime Minister;

(c) Career officers other than those in the Career Executive Service who are appointed by the President/Prime Minister; and

(d) Permanent laborer whether skilled, semi-skilled or unskilled.

(3) The close career positions may have their own separate merit system which shall be consistent with the merit system embodied in the Constitution and the civil service law and rules. It shall include positions which are scientific or highly technical in nature such as the faculty and academic staff of state colleges and universities and scientific and technical positions in scientific and research institutions; commissioned officers and enlisted men of the Armed Forces and the national police force.

SEC. 948. Levels of Positions in the Career Service.— Positions in the career service shall be divided into three major levels:

(1) The first level includes clerical, trades, crafts and custodial service positions which involve non-professional or sub-professional work requiring less than four years of college work.

(2) The second level includes professional, technical and scientific positions requiring at least four years of college work and which are not included in the Career Executive Service.

(3) The third level includes positions in the Career Executive Service.

SEC. 949. The Non-Career Service.—(1) The non-career service shall be characterized by (a) entrance on basis other than the usual tests of merit and fitness utilized for the career service; and (b) limited tenure specified by law or which is co-terminous with the appointing authority or subject to his pleasure, or which is limited to the duration

of a particular project for which purpose employment was made.

(2) The non-career service shall include:

- (a) Elective officials and their personal and confidential staff;
- (b) Ministry Heads and other officials of Cabinet rank who hold positions at the pleasure of the President/Prime Minister and their personal and confidential staff;
- (c) Chairman and members of Commissions and Boards with fixed terms of office and their personal and confidential staff;
- (d) Officials appointed to positions which are declared as primarily confidential;
- (e) Confidential staff of the Justices of the Supreme Court and the Court of Appeals;
- (f) Contractual personnel in projects or undertakings requiring special expertise and technical skill not available in the employing agency; and
- (g) Emergency and seasonal personnel.

CHAPTER 3—Civil Service Commission

SEC. 950. Organization.—(1) The Commission shall be composed of a Chairman and two Commissioners who shall be appointed by the President/Prime Minister for a term of seven years. Of the Commissioners first appointed, one shall hold office for seven years, another for five years and the third for three years. Appointment to any vacancy shall be only for the unexpired portion of the term of the predecessor.

The Commission shall have central offices which shall have two distinct responsibilities: (a) the career development function and (b) the quasi-judicial function.

The career development function shall be the responsibility of the Office of the Executive Director, Office of Personnel Planning and Program Evaluation, Office of

Training and Personnel Development, Civil Service Academy, and Office of Recruitment and Selection.

The quasi-judicial function shall be the responsibility of the Merit Systems Board.

To provide staff service to the Commission are the Office of Administrative Services and the Office of Legal Affairs.

(2) In the interest of the service, the Commission may organize in each ministry or agency a civil service staff to be headed by an officer appointed by the Commission.

(3) The Career Executive Service Board and the Professional Regulations Commission shall be attached to the Commission.

SEC. 951. Qualifications and Disqualifications of Chairman and Commissioners.—(1) To be eligible for appointment as Chairman or Commissioner, a person must be a natural-born citizen of the Philippines, at least thirty-five years of age at the time of appointment, a holder of a college degree and must not have been a candidate for any elective position in the election immediately preceding his appointment.

(2) No member of the Commission shall, during his tenure of office, engage in the practice of any profession or in the management of any business, or be financially interested directly or indirectly in any contract with, or in any franchise or privilege granted by the Government or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations.

SEC. 952. Rules of Procedure.—The Commission shall adopt its own rules of procedure and shall keep minutes and records of its proceedings and official actions which shall be public records.

SEC. 953. Functions of the Commission.—The Commission, as the central personnel agency, shall:

(1) Set standards and enforce all laws and rules governing the selection, utilization, training and discipline of civil service personnel;

- (2) Administer and enforce the constitutional and statutory provisions of the civil service;
- (3) Promulgate rules and standards for the civil service and, subject to such limitations as are provided by law, establish a career service and adopt measures to promote morale, efficiency and integrity in the civil service;
- (4) Assist and advise the President/Prime Minister in all matters involving personnel management in the government service;
- (5) Assist ministries and agencies in formulating and implementing personnel work programs for the development and retention of a competent and efficient work force;
- (6) Assess periodically the performance of government personnel in coordination with the different ministries and agencies and institute measures to improve morale and increase productivity in the service;
- (7) Inspect and evaluate periodically the personnel work programs of the different ministries and agencies, and conduct periodic review of decisions and actions of officers to whom authority has been delegated and apply appropriate sanctions whenever necessary;
- (8) Supervise and coordinate the conduct of civil service examinations being administered by the ministries.
- (9) Approve appointments and disapprove those which are not in accordance with, or in violation of, existing Civil Service Law and Rules;
- (10) Declare, upon recommendation of the appointing authority, a position in the career service as policy determining, primarily confidential or highly technical in nature;
- (11) Exercise appellate disciplinary authority in proper cases;
- (12) Summon the parties to a controversy pending before the Commission, issue *subpoena* and *subpoena duces tecum*, and take testimony in any investigation or inquiry or delegate such power to any officer of the Commission who

is a member of the Philippine Bar. The Commission shall have the power to punish for contempt according to the procedure, and with the same penalties provided in, the Rules of Court;

(13) Exercise appellate jurisdiction in non-disciplinary cases;

(14) Submit to the President/Prime Minister an annual report on the operations and activities of the Commission;

(15) Maintain a register of eligibles for the civil service;

(16) Appoint the officials and employees of the Commission; and

(17) Perform such other functions that properly belong to a central personnel agency, including approval of:

(a) Request to engage in private business or the practice of vocation or profession;

(b) Detail of government officials and employees;

(c) Request to reinstate in the service previously retired employees, to appoint persons fifty-seven years old and above, and to extend the service of those who are already sixty-five years old, except presidential appointees whose continuance in the service beyond the compulsory retirement age shall be determined by the President/Prime Minister;

(d) Request for change of status of appointment from temporary to permanent for purposes of retirement;

(e) Request for change of office hours; and

(f) Contractual employment.

SEC. 954. Powers and Duties of the Chairman.—

The Chairman shall be the Chief Executive Officer of the Commission. Subject to the policies, rules and regulations adopted by the Commission, the Chairman shall:

(1) Execute and administer policies, rules and regulations, orders and resolutions approved by the Commission;

- (2) Direct and supervise the operations and internal administration of the Commission;
- (3) Issue appointments of personnel of the Commission;
- (4) Enforce decisions on disciplinary actions involving personnel of the Commission;
- (5) Submit annual and supplemental budgets of the Commission; and
- (6) Perform other functions provided by law or as may be assigned by the Commission.

SEC. 955. Powers and Duties of the Other Members of the Commission.—The two Commissioners shall, jointly with the Chairman, be responsible for the effective exercise of the rule-making and adjudicative functions of the Commission. In the absence or disability of the Chairman the senior member shall temporarily perform the functions vested in the Chairman.

SEC. 956. Functions of Central Offices.—The Civil Service Commission shall carry out its functions through two primary sectors.

(1) *Career Development Sector.*—This sector shall consist of all those functions that promote the advancement and progression of career employees in the public service. Those functions shall be carried out by the following offices:

(a) *Office of the Executive Director* which shall be responsible for the effective implementation of policies, rules and standards related to career development promulgated by the Commission, for the coordination and supervision of the offices pursuing career development functions at the central level and of the regional offices in the Commission, and for such other functions as the Commission or the Chairman may assign.

(b) *Office of Personnel Planning and Program Evaluation* which shall provide the Commission with efficient service relating to policy development, program planning, research and statistics, and budgeting and management

services and with leadership and assistance in the promotion of a sound and effective career system in the government.

(c) *Office of Training and Personnel Development* which shall be responsible for the coordination and integration of all training activities, including scholarship programs in the government, and for the evaluation of such programs. It shall also be responsible for the development of indigenous training literature.

(d) *Civil Service Academy* which shall be the training arm of the Commission and shall be responsible for the conduct of service-wide training for the first and second levels of the career service, especially those that enhance performance at the middle management level.

The Academy shall be managed by a Director, assisted by one or more directors. A Consultative Council whose membership shall be determined by the Chairman, shall provide advice to the Academy. The Academy shall also maintain a pool of training experts to develop the curricula for the various training programs that the Academy shall directly administer.

(e) *Office of Recruitment and Selection* which shall provide leadership and assistance in developing and implementing the overall Commission program relative to recruitment and examination.

(2) *Quasi-Judicial Sector.*—This sector shall be concerned with all activities of the Commission which are adjudicative in character, whether disciplinary or non-disciplinary. These activities shall be carried out by the Merit Systems Board.

(a) *The Merit System Board* shall be responsible for strengthening the Merit System and assuring that the rights of civil service employees under the Constitution and the Civil Service Law and rules are duly protected. The Board shall hear and decide administrative cases, both disciplinary and non-disciplinary, involving officers and employees of the civil service and perform such other

related functions properly belonging to a quasi-judicial body and in furtherance of its functions may inquire into personnel actions of ministry heads and other similar officials.

(3) *The Office of Legal Affairs* shall provide legal advice and assistance to the Commission and shall serve as the prosecution and defense arm of the Merit Systems Board.

(4) *The Office of Administrative Services* shall provide the Commission with economical, efficient and effective services relating to personnel, records, supplies, equipment, collection, disbursements, accounting, data processing and custodial services.

SEC. 957. Functions of Regional Offices.—The Commission shall have regional offices which shall enforce civil service laws, rules and regulations in the different regions of the country, provide technical advice and assistance to public agencies within the region regarding personnel administration and perform such other functions as may be provided by law.

SEC. 958. Functions of the Civil Service Staff.—The Civil Service Staff in each Ministry or agency shall:

(1) Serve as the principal liaison between the Commission and the ministry or agency concerned;

(2) Provide technical assistance in personnel management;

(3) Audit periodically the personnel practices and performances of the ministry or agency concerned as well as those of the officers and employees thereat;

(4) Determine compliance with this Title and the civil service rules, policies, standards and guidelines of the Commission;

(5) Receive from the public any suggestion, observation or complaint pertaining to the conduct of public officers and employees; and

(6) Perform such other functions as may be assigned by the Commission.

SEC. 959. *Career Executive Service*.—The Career Executive Service is a select pool of development-oriented career administrators who shall provide competent and faithful service. Membership in the service shall be acquired by completing the required Career Executive Service Development Program of the Career Executive Service Board, conferment of Career Executive Service eligibility and appointment as Career Executive Service Officer.

SEC. 960. *Career Executive Service Board*.—(1) The Career Executive Service Board shall serve as the governing body of the Career Executive Service. It shall be composed of the Chairman of the Civil Service Commission as *ex-officio* Chairman, with the following members: President of the Development Academy of the Philippines, Minister of the Budget, Presidential Executive Assistant and one member from the private sector and/or academic community who is familiar with the principles and methods of personnel administration and higher level staff development to be appointed by the President/Prime Minister for a term of six (6) years. The appointive member may receive per diems and allowances for meetings actually attended.

(2) The Board shall have its own technical staff composed of members of the Career Executive Service and other personnel. The Board may avail itself of professional and consultative services from the government and the private sector whenever necessary.

(3) The Board shall promulgate rules, standards and procedures on the selection, classification, appointment, promotion, compensation, assignment, and training and career development of members of the service.

SEC. 961. *Register of Executives*.—A register of Career Executive Service eligibles shall be established by the Board. It shall contain such information which the Board may prescribe.

No person shall be included in the Register unless he meets the prescribed qualifications, passes the career executive service examination and successfully completes the career executives service development program and other requirements prescribed by the Board. In exceptional cases, the Board may give an unassembled examination for eligibility.

The area of recruitment shall embrace the entire civil service, with provisions to allow qualified or outstanding persons outside the government to enter the service.

SEC. 962. *Classification of the Service.*—Members of the service shall be classified according to ranks based on their personal qualifications and demonstrated competence. Salary and status shall be based on rank, and not on the position occupied at any given time. The number and classification of ranks in the service shall be recommended by the Board and reviewed and approved by the President/Prime Minister.

SEC. 963. *Appointment.*—Appointment to appropriate ranks in the service shall be made by the President/Prime Minister from a list of career executive service eligibles recommended by the Board. The President/Prime Minister may, however, in exceptional cases, and upon recommendation of the Board appoint any person who is not a career executive service eligible: *Provided*, that such appointee shall subsequently take the required career executive service examination and that he shall not be promoted to a higher rank until he qualifies in such examination and successfully completes the career executive service development program and other requirements of the Board.

SEC. 964. *Compensation.*—The Board shall prepare and administer an attractive compensation plan for the members of the service. The compensation, including fringe benefits and reasonable allowances, shall be determined on the basis of rank and shall be paid from the funds of the ministry, agency or office to which they are assigned.

SEC. 965. *Assignments.*—(1) Depending on their ranks, members of the Service shall be assigned by the President/Prime Minister to occupy positions of Deputy Minister, Assistant Secretary, Bureau Director, Regional Director (ministry-wide regionalization), Assistant Bureau Director, Assistant Regional Director ministry-wide regionalization, Regional Director (bureau-wide regionalization), Chief of Ministry Service, and Assistant Regional Director (bureau-wide regionalization) and other positions of equivalent category as may be determined by the Career Executive Service Board including those in government-owned or controlled corporations.

SEC. 966. *Promotion.*—Members of the Career Executive Service shall be promoted only on the basis of demonstrated competence and performance.

SEC. 967. *Training and Development.*—The Career Executive Service Board, in collaboration with appropriate government training institutions and the Civil Service Commission, shall prepare and implement a program of training and career development for members of the service.

SEC. 968. *Discipline.*—Investigation and adjudication of administrative complaints against members of the service shall be governed by existing law.

SEC. 969. *Professional Regulations Commission.*—(1) The Professional Regulations Commission shall continue with its organizational structure and perform functions and duties in accordance with existing laws, subject to the requirements of efficiency, economy and effectiveness.

CHAPTER 4—Interministerial Relations

SEC. 970. *Responsibility for Personnel Administration.*—The head of each ministry and agency shall be responsible for personnel administration in his office in accordance with this Title, the civil service rules, policies, standards, guidelines and regulations promulgated by the Commission.

SEC. 971. *Performance Evaluation.*—(1) The Commission, through its designated representatives, shall periodically evaluate the personnel performance and programs of each ministry and agency to determine compliance with the provisions of this Title, the civil service rules and standards; evaluate the progress made and problems encountered in the administration of the merit system; give advice and provide assistance in developing constructive policies, standards and procedures; and stimulate improvement in all areas of personnel management.

(2) Periodic evaluation shall include, among others, an appraisal of personnel management operations and activities relative to:

- (a) Formulation and issuance of personnel policy;
- (b) Recruitment and selection of employees;
- (c) Personnel action and employment status;
- (d) Training and personnel development;
- (e) Performance appraisal system;
- (f) Employee suggestions and incentive awards;
- (g) Employee relations and services;
- (h) Discipline; and
- (i) Personnel records and reporting.

SEC. 972. *Personnel Unit.*—Each ministry or agency of the National Government as well as government-owned or controlled corporations and local governments shall have a personnel unit.

CHAPTER 5—*Recruitment and Selection*

SEC. 973. *Policy on Recruitment and Examination.*—Opportunity for government employment shall be open to all qualified citizens and positive efforts shall be exerted to attract the best qualified to enter the service. Except as otherwise provided, qualification in an appropriate examination shall be required for appointment to positions in the first and second levels in the career service in accordance with this Title and the Civil Service Rules.

SEC. 974. *Responsibility for Recruitment and Administration of Examination.*—(1) The Commission shall be responsible for developing and implementing programs relating to recruitment and examination and for this purpose it may avail of the assistance of ministries and agencies.

(2) Examinations for service-wide positions, such as administrative and other classes common to all ministries shall be administered by the Commission.

(3) Examinations for positions which exist in two or more ministries or agencies shall be administered jointly by the Civil Service Commission and the ministries or agencies concerned.

(4) Examinations for Career Executive Service Officers shall be administered by the Career Executive Service Board and the Commission.

SEC. 975. *Qualification Standards.*—(1) Qualification standards refer to the minimum requirements as determined by the head of the ministry and approved by the education, training and experience, civil service eligibility, Commission for a class of positions which shall include physical fitness and others required for successful performance.

(2) Qualification standards shall be used as basis for civil service examinations, and as guides in making appointments, fixing salaries, adjudicating protested appointments, determining training needs, evaluating personnel work programs, and in taking other personnel actions. It shall be administered in such manner as to continually provide incentives to officers and employees towards professional growth and to foster the career system in the government service.

SEC. 976. *Responsibility.*—(1) With the assistance and approval of the Commission, the head of ministry or agency shall be responsible for the establishment, administration, and maintenance of the qualification standards

for first and second level positions in the career service which are unique in his ministry or agency.

(2) The Commission shall prescribe qualification standards for service-wide positions in the first and second levels in the career service.

SEC. 977. *Levels of Examinations.*—(1) Levels of examinations shall correspond to the three major levels of positions. Except as otherwise provided, entrance to the first and second levels of positions in the career service shall be made, as far as practicable, through competitive examinations, and shall be open to all persons who meet the minimum requirements for the particular type of examination.

(2) Entrance to the second level position in the career service shall not require prior qualification to a first level position, and within the same level no further examination shall be required for promotion to a higher position in one or more related occupation groups. A candidate for promotion should, however, have previously passed the examination for the first or second level as the case may be.

SEC. 978. *Appropriate Examination.*—An appropriate examination refers to an examination given by the Commission or by a ministry or agency jointly with the Commission, which by the nature of the examination, by specific provision of law or by declaration of the Commission, is suitable for the position to be filled. An appropriate civil service eligibility is the eligibility which results from a civil service examination and by its very nature, measures skill, knowledge, talent and aptitude essential to the performance of the duties and responsibilities of a particular position or group of positions or which by specific provision of law or by declaration of the Commission is suitable for the position to be filled.

SEC. 979. *Bar and Board Examinations.*—(1) Those who pass bar and board examinations shall be deemed

civil service eligibles and shall be eligible for appointment to positions in accordance with the provisions of law.

SEC. 980. *Prescription of Eligibility.*—A Civil service eligibility obtained in a civil service examination or its equivalent except bar and board examinations shall prescribe if not availed of by the eligibile within a period of five years from the date of the enactment of this Code or from the date of release of examinations given after the effectivity of this Code.

SEC. 981. *Age and Citizenship Requirements for Examinations.*—Admission to any examination for entrance in the career service shall be limited to citizens of the Philippines who are at least eighteen but not over forty-five years of age. However, the Commission may, in exceptional cases, fix different age limits for admission to a particular type of examination.

SEC. 982. *Authority to Elicit Information.*—The Commission may elicit under oath from all applicants for examination and from persons in the civil service full information as to their citizenship, age, education, experience, physical qualifications and such other personal information other than political or religious affiliation, race or color as may be reasonably required to determine their fitness for the service.

SEC. 983. *Oath of Applicant for Examination.*—For admission to a civil service examination, every applicant shall take and subscribe to an oath in a form to be prescribed by the Commission wherein the affiant shall declare that he recognizes and accepts the supreme authority of the Republic of the Philippines and will maintain true faith and allegiance thereto, that he will support and defend the Constitution of the Philippines, obey the laws, legal orders and decrees promulgated by its duly constituted authorities; that the obligations imposed by such oath is assumed voluntarily without mental reservation or purpose of evasion; and that the answers to the questions contained in his application for examination are true to the best of his knowledge and belief.

SEC. 984. *Appointment; Employment Status.*—Appointment in the career service shall be either permanent or temporary.

(1) *Permanent.*—A permanent appointment shall be issued to a person who meets all the requirements for the position to which he is being appointed, including the appropriate eligibility prescribed in accordance with the provisions of law, rules and standards promulgated in pursuance thereof. However, a person appointed to the service for the first time and who meets the requirements for a permanent appointment shall first be required to undergo a probationary period of six months during which he shall participate in an orientation course and undergo thorough inquiry into his conduct and capacity. For this purpose, a probational appointment shall be issued to him. Said appointment shall be converted into a permanent appointment only upon successful completion of the probationary period.

(2) *Temporary.*—Whenever it becomes necessary in the public interest, a temporary appointment may be issued to a person who meets all the requirements for the position to which he is being appointed except the appropriate civil service eligibility. However, such temporary appointment shall not exceed twelve months, but the appointee may be replaced sooner if a qualified civil service eligible becomes available.

SEC. 985. *Promotion.*—(1) A promotion is a movement from one position to another with increased duties and responsibilities, usually accompanied by an increase in salary. The movement may be from one organizational unit to another in the same ministry or agency, or in the same organizational unit.

(2) When a vacancy occurs in a position in the first level of the career service the employees in the ministry or agency who occupy the next lower positions in the occupational group under which the vacant position is classified as well as those in other functionally related

occupational groups, and who are deemed competent, qualified and with the appropriate civil service eligibility shall be considered for promotion.

(3) When a vacancy occurs in a position in the second level of the Career Service, the employees in the government service who occupy the next lower positions in the occupational group under which the vacant position is classified and in other functionally related occupational groups and who are competent, qualified and with the appropriate civil service eligibility shall be considered for promotion.

(4) The promotion board of the ministry or agency concerned shall evaluate the qualifications of next-in-rank employees considered for promotion in accordance with its merit promotion plan, and shall recommend those who should be promoted to the vacant position.

(5) An employee who occupies the next-in-rank position and who is competent and qualified for appointment to the position who was not promoted shall have the right to file with the appointing officer a protest against an appointment. Any party who is not satisfied with the decision of the appointing officer on said protest may appeal to the Merit Systems Board whose decision shall be final, unless appealed to the Commission.

(6) If there be any special reason or reasons why the employee in the next-in-rank position should not be promoted, the vacancy may be filled by a qualified employee within the organization, or by transfer of persons from other offices of the Government, by reinstatement or by reemployment or by appointment of a qualified person from the register of eligibles, in accordance with the Civil Service Law and Rules.

SEC. 986. Transfer.—(1) A transfer is a movement from one position to another in the same or to another ministry or agency or from one organizational unit to another in the same ministry or agency.

(2) A transfer from one position to another without any reduction in rank or salary shall not be considered disciplinary when made in the interest of the public service provided that the employee concerned shall be informed of the reasons therefor in writing.

SEC. 987. *Detail*.—A detail is the movement of an employee from one agency to another involving a temporary change of assignment and not of position with the consent of the agency from which the employee comes and the agency to which he seeks detail or requesting his detail, for such period which the interest of the service may require. Detail of employees shall be subject to the prohibitions and limitations provided for in Section 1020, Chapter 9 hereof.

SEC. 988. *Reassignment*.—Reassignment is the movement of an employee from one organizational unit to another in the same agency, without change in position and without involving a reduction in rank, status or salary. Reassignment of employees shall be subject to the prohibitions and limitations provided for in Section , Chapter 9 hereof.

SEC. 989. *Reduction in Force*.—Whenever it becomes necessary to reduce personnel due to lack of work or funds or a change in the scope or nature of the agency, these in the same group or class of positions in the ministry or agency where the reduction is to be effected shall be reasonably compared in terms of relative fitness, efficiency and length of service. Those found to be the least qualified for the remaining positions shall be laid off.

SEC. 990. *Reinstatement*.—Reinstatement is the reappointment to any position to which he is qualified of any person who has been permanently appointed to a position in the career service and who has been separated therefrom through retirement or resignation.

SEC. 991. *Reemployment*.—Reemployment is the reappointment to any position to which he is qualified of

any person who has been permanently appointed to a position in the career service but was separated as a result of reduction in force or reorganization.

SEC. 992. Effectivity of Appointment or Promotion.—

(1) An appointment shall take effect immediately upon its issuance and if the appointee assumes the duties of the position, he shall be entitled to receive his salary and other benefits at once without awaiting approval of the appointment by the Commission. If the Commission finds that the appointment is contrary to law, rules or regulations and disapproves it, the appointee shall nevertheless be given the salary due him for services rendered. All appointments shall be submitted to the Commission within sixty days from their issuance, otherwise they become ineffective.

The appointing officer shall be personally liable for the salary of any person employed in the civil service in willful violation of the provisions of this Title and the Civil Service Law and Rules. The disbursing officer shall deduct from the salary of the appointing officer so liable the amount corresponding to the salary paid to the appointee.

(2) An appointment or promotion shall not take effect prior to the date it was actually made, except when expressly authorized by the appointing officer.

*SEC. 993. Salary Adjustment.—*Adjustments in salary not involving change of position shall require only a salary adjustment notice and not a new appointment, but a copy thereof shall be submitted to the Commission for record purposes.

CHAPTER 6—*Career and Personnel Development*

*SEC. 994. Policy on Career and Personnel Development.—*The Government shall develop and maintain a competent and efficient workforce in the public service and

shall establish a continuing program of career and personnel development. Each ministry and agency shall prepare and submit for the approval of the Commission, its career and employee development plan, which shall include, among others, plans on merit promotion, performance appraisal systems, and similar plans.

SEC. 995. *Merit Promotion Plan.*—Each ministry and agency shall, with the approval of the Commission, establish a merit promotion plan for its personnel to be administered in accordance with the provisions of this Title and the Civil Service rules and regulations. The plan shall include provisions for the organization of promotion boards, screening procedures, area of selection, ranking of positions and qualification standards.

SEC. 996. *Performance Appraisal System.*—(1) There shall be established for all officers and employees in the career service a performance appraisal system which shall promote the improvement of individual employee and organizational efficiency.

(2) Each ministry and agency shall, with the approval of the Commission, establish and use one or more performance appraisal plans appropriate to the various groups of positions in the ministry or agency. Only an approved performance appraisal plan shall be used as a basis for personnel action. The supervisor shall periodically inform each employee of his performance appraisal.

SEC. 997. *Staff Development Plan.*—Each ministry or agency shall prepare a staff development plan which shall be integrated by the Commission into a national plan, and which shall serve as the basis for all training and staff development activities in the Government. Scholarships, training grants and other forms of in-service training shall form part of the national, ministerial and agency developmental plans.

SEC. 998. *Coordination and Integration of Training.*—The Commission shall exercise the leadership role in the

training of government personnel and for this purpose, it shall be responsible for the coordination and integration of a service-wide program of employee development for all government personnel at all levels.

SEC. 999. *Accreditation.*—The Commission shall give due credit to successful completion of training courses for purposes of promotion and other personnel actions and for admission and qualification to relevant civil service examinations.

SEC. 1000. *Scholarship.*—(1) Scholarships and training grants shall be made available to all qualified personnel of the Government, and their selection shall be governed by the rules, regulations and policies prescribed by the Commission.

(2) A Special Scholarship Committee for scholarship grants abroad for government employees shall be created to be composed of a representative each of the Civil Service Commission, as Chairman, and the National Economic and Development Authority, as Co-Chairman, and of the Ministry of Foreign Affairs, the Office of the President/Prime Minister and the Ministry of Education and Culture, as members.

The Committee shall:

(a) Assess requests for foreign scholarships from different ministries or agencies;

(b) Assess and determine which of those scholarships, fellowships and training grants offered to the government for its employees under the various foreign assistance programs and those being offered by foreign universities and private institutions should be availed of;

(c) Send invitations to the proper ministries or agencies and screen and select nominees to whom the scholarship, fellowship or training grant should be awarded; and

(d) Promulgate rules and regulations.

SEC. 1001. Employee Suggestions and Incentive Awards System.—There shall be established a government-wide employee suggestions and incentive awards system under the rules and regulations promulgated by the Commission. The President/Prime Minister or the head of each ministry or agency may incur necessary expenses involved in the honorary recognition of subordinate officers and employees of the Government who, by their suggestions, inventions, superior accomplishments and other personnel efforts, contribute to the efficiency, economy effectiveness, or improvement of government operations, or who perform such other extraordinary acts or services in the public interest in connection with, or in relation to, their official employment.

SEC. 1002. Employee Relations.—(1) The Commission shall provide leadership and assistance in developing employee relations programs in the various ministries or agencies.

(2) The head of Ministry or agency shall promote good supervisor-subordinate relations and provide adequate provisions for employee's health, welfare, counselling, recreation and similar services.

(3) The Commission shall promulgate rules and regulations governing the organization and activities of employees associations.

SEC. 1003. Complaints and Grievances.—(1) Officers and employees in the civil service shall have the right to present their complaints or grievances to their supervisors and have them adjudicated expeditiously, fairly and equitably. If the complaint or grievance is not resolved at the lowest supervisory level in the ministry or agency, the employee may elevate his complaint or grievance to higher supervisory authorities.

(2) Each ministry and agency shall establish, with the approval of the Commission, a grievance procedure which will govern the resolution of the complaint or grievance of the employees.

CHAPTER 7—Hours of Work

SEC. 1004. Hours of Work in the Government.—All employees are required to render not less than the legal hours of work. Such hours, except for schools, courts, hospitals and health clinics or where the exigencies of the service so require, shall be prescribed by the President/Prime Minister, and shall not be less than eight hours a day for five days a week, or a total of forty hours of said week, exclusive of lunch break.

SEC. 1005. Offices Closed During Holidays.—Government offices other than hospitals, health clinics and law enforcement agencies shall be closed on public holidays, and attendance or work shall not be required of officials and employees.

SEC. 1006. Temporary Closure or Opening of Office.—The President/Prime Minister may, in the interest of the public service, direct the closure of any ministry or agency during any work day, or the opening of the same during a non-working day.

SEC. 1007. Extension of Daily Hours of Work.—The head of ministry or agency may, when the interest of the public service requires, extend the daily hours of work of any or all the officers or employees in his ministry or agency, or require them to work on Saturdays, Sundays and holidays.

SEC. 1008. Daily Record of Attendance.—(1) The head of ministry or agency shall require a daily record of attendance of all personnel under him to be kept in the proper forms and, whenever possible, registered on the bundy clock. However, the Commission may, upon recommendation of the proper ministry head, exempt ranking officers from using the bundy clock in accordance with the guidelines prescribed by the Commission.

(2) A record shall also be kept showing for each day all absences from duty for any cause and the duration thereof.

(3) Heads and assistant heads of ministries and agencies and all officers appointed by the President/Prime Minister need not be required to keep a daily record of attendance but their absences shall be recorded.

CHAPTER 8—Leave

SEC. 1009. *Vacation Leave*.—After six months of continuous and satisfactory service, officers and employees of the Government shall be entitled to fifteen days vacation leave with full pay for each year of service, exclusive of Saturdays, Sundays and holidays. As much as possible, government personnel shall be encouraged to take an annual vacation leave which shall not exceed the number of days of vacation leave earned during the year.

SEC. 1010. *Sick Leave*.—Officers and employees of the Government shall also be entitled to fifteen days sick leave with full pay for each year of service, exclusive of Saturdays, Sundays and holidays. Sick leave shall be granted only on account of illness on the part of the officer or employee concerned or any member of his immediate family.

SEC. 1011. *Maternity Leave*.—In addition to vacation and sick leave, a married woman in the Government shall be entitled to maternity leave of sixty days subject to the following conditions:

- (1) An officer or employee shall be entitled to full pay if she has rendered two or more years of continuous service.
- (2) An officer or employee shall be entitled to one-half pay if she has rendered less than two years of continuous service.

SEC. 1012. *Leave for Interrupted Service*.—(1) Employees or laborers on rotation and daily basis shall be entitled to vacation and sick leave corresponding to the period of service rendered by them, the total of which shall

not be less than six months. If an employee or laborer has been allowed to work in two or more shifts on rotation, the periods of actual service covered by each shift should be added together to determine the number of days, months and years during which leave is earned.

(2) Emergency, casual, seasonal or part-time employees or laborers shall be entitled to vacation and sick leave after they have rendered six months service in the aggregate, provided such six-month period in each case does not involve a single gap of more than one week or several gaps of not exceeding three days, the total of which should not exceed fifteen days. Emergency, casual, seasonal or part-time employees or laborers work for short periods only depending upon the availability of funds for the work to be done.

SEC. 1013. *Leave Without Pay.*—(1) All absences in excess of earned vacation and sick leave shall be without pay. Any officer or employee who has leave with pay to his credit shall not be granted leave without pay until his leave credits are exhausted.

(2) Leave without pay shall not exceed one year. Failure of any officer or employee to return to duty upon the expiration of one year from the effective date of his leave without pay shall automatically result in his separation from the service.

SEC. 1014. *Cumulation and Commutation of Vacation Leave and Sick Leave.*—(1) Vacation leave and sick leave shall be cumulative and any part thereof not taken within the calendar year in which earned shall be carried over to the succeeding years.

(2) The appointing officer may authorize the commutation of the salary that would be received during the period of vacation and sick leave and direct its payment on or before the beginning of the leave from any available fund or from funds appropriated for the position; provided

that leave taken during the period of service shall not be limited as to the number of days of vacation and sick leave credit earned by the employee.

(3) When an officer or employee voluntarily resigns, retires, or is separated from the service through no fault of his own, he shall be entitled to the commutation of all the accumulated vacation and sick leaves to his credit, which in no case shall exceed three hundred days exclusive of Saturdays, Sundays and holidays.

(4) The appointing officer may approve the commutation of accumulated leave of an officer or employee separated from the service unless such leave has been forfeited as a result of a disciplinary penalty. No person whose leave has been commuted following his separation from the service shall be reappointed or reemployed in the Government service before the expiration of the commuted leave.

SEC. 1015. Withholding of Salary Incident to Leave.—Payment of salary to an officer or employee for any absence during his first six months of service chargeable to vacation leave shall be withheld until the completion of six months service.

SEC. 1016. Transfer of Leave Credit.—When an officer or employee transfers from one ministry or agency to another, his vacation and sick leave credits shall likewise be transferred.

CHAPTER 9—*Prohibitions*

SEC. 1017. Political Activity.—No officer or employee in the civil service, including officers of the Armed Forces, shall engage directly or indirectly in any partisan political activity or take part in any election except to vote, nor shall he use his official authority or influence to coerce the political activity of any person or body. He may,

however, express his views on current political problems or issues, or mention the names of candidates for public office whom he supports. Public officers and employees holding political offices may take part in political and electoral activities but it shall be unlawful for them to solicit contributions from their subordinates or subject these subordinates to any of the prohibited acts under the Election Code.

SEC. 1018. Additional or Double Compensation.—

(1) No elective or appointive public officer or employee shall receive additional or double compensation unless specifically authorized by law. Neither shall he accept, any present, emolument, office, or title of any kind from any foreign government without the consent of the National Assembly.

(2) As used in this section, additional or double compensation refers to salary from two or more offices held concurrently by one officer. It shall not include honoraria, allowances and similar benefits which may be allowed under such rules and regulations as may be prescribed by the President/Prime Minister.

SEC. 1019. Limitation on Work Assignment.— Skilled, semi-skilled or unskilled laborers shall not be assigned to perform clerical, professional, technical or scientific duties.

SEC. 1020. Limitation on Transfer, Detail or Reassignment.— (1) Unless deemed necessary in the interest of the public service, no detail shall be allowed except for technical personnel or those possessing special expertise or skills not readily available.

(2) Unless deemed necessary in the interest of the public service, no officer or employee shall be transferred, detailed, or reassigned to another position or office within three months before any election.

(3) No transfer, detail or reassignment shall be effected for personal, capricious or whimsical reasons. However,

a detail or reassignment may be made even without the consent of the officer or employee concerned when required in the interest of the public service. Details or reassessments shall be for such period or periods as may be demanded by the exigencies of the service.

SEC. 1021. *Nepotism*.—(1) No appointment in the civil service shall be issued in favor of a relative within the third degree either by consanguinity or affinity of the appointing or recommending officer or of the head of the Ministry or agency or of the persons exercising immediate supervision over him except those in favor of the following:

- (a.) Persons employed in a confidential capacity;
- (b.) Teachers;
- (c.) Physicians; or
- (d.) Members of the Armed Forces of the Philippines.

(2) The prohibition shall not apply to a person who contracts marriage with someone in the same office during his employment.

SEC. 1022. *Prohibition on Strike*.—No officer or employee in the civil service shall strike against the Government or be a member of an organization which advocates strike as a means of securing changes in the terms and conditions of employment or seeking redress from official actions.

SEC. 1023. *Sundry Frauds*.—No person shall, by himself or in cooperation with others, defeat, deceive, or obstruct any other person in the matter of his right to take any examination given by the Commission or another government entity; nor falsely rate, grade, estimate, or report upon the examination or standing of any person examined nor give assistance, nor make any false representations relative thereto concerning the persons examined; nor use or furnish any special or secret information for the purpose of improving or injuring the prospects or chances of any person so examined or to be examined, being certified, employed, appointed, or promoted.

(2) No person shall knowingly make any material false statement in his application for examination or employment in the government service, nor connive at any false statement made in any certificate which may accompany the said application, nor make any material false statement in any certificate to accompany the said application for any other person, nor impersonate any other person nor permit nor aid in any manner another person to impersonate him in connection with any examination or application for examination, nor falsely make or forge any certificate or present any falsely made or forged certificate in connection with his application for examination or employment, nor commit or attempt to commit any fraud contrary to this Code and the civil service rules, nor aid in so doing.

CHAPTER 10—Administrative Discipline

SEC. 1024. General Provision.—(1) No officer or employee in the civil service shall be suspended or dismissed except for cause as provided by law and after due process.

SEC. 1025. Causes for Disciplinary Action.—Causes for disciplinary action in the civil service are classified into the following:

(1) Dishonesty, such as among others, receiving for personal gain any fee, gift or other valuable things in the course of official duties or in connection therewith when such fee, gift or other valuable thing is given by any person in the hope or expectation of receiving a favor or better treatment than that accorded other persons; or committing acts punishable under the Anti-Graft Law; and falsification of official documents;

(2) Disgraceful and immoral conduct;

(3) Inefficiency and incompetence in the performance of official duties;

(4) Misconduct, such as, among others, conviction of a crime involving moral turpitude; courtesy in the course of official duties; improper or unauthorized solicitation of contributions from subordinate employees and by teachers or school officials from schoolchildren or students; willful failure to pay just debts and failure to pay taxes due to the government; habitual drunkenness; drug addiction or unauthorized use of prohibited drugs; gambling prohibited by law; physical or mental incapacity due to immoral or vicious habits; borrowing money by superior officers from subordinates or lending by subordinates to superior officers; and contracting loans of money or other property from persons with whom the office of the employee concerned has business relations;

(5) Oppression, which is an act of cruelty, severity, unlawful exaction, domination or excessive use of authority;

(6) Neglect of duty;

(7) Violation of existing civil service law and rules or reasonable office regulations, such as, among others, frequent unauthorized absences or tardiness in reporting for duty or loafing during regular office hours, indolence, lending money at usurious rates of interest; and engaging directly or indirectly in partisan political activity by one holding non-political office; and

(8) Conduct prejudicial to the best interest of the service such as refusal to perform official duty or render overtime service and pursuit of private business, vocation or profession without the permission required by civil service law and rules, and insubordination.

SEC. 1026. *Jurisdiction.*—(1) The heads of ministries and of other agencies or instrumentalities of the government, such as government-owned or controlled corporations and constitutional commissions, as well as provinces, cities and municipalities shall have concurrent original jurisdiction with the Merit Systems Board over administrative cases, and the office which first acquires jurisdiction over

an administrative complaint against a government official or employee shall hear and decide the case.

When it assumes jurisdiction over an administrative case, the Merit Systems Board may either hear the case itself or designate another official or officials to conduct the investigation. The said official or officials shall submit to the Board his or their finding, with recommendations as to the penalty to be imposed or other action to be taken. The Board may adopt, modify or disregard the recommendations of the investigating official or officials.

(2) Subject to the provisions of Subsection 1 hereof, the heads of ministries shall have original jurisdiction over all cases against officers and employees under their respective ministries, including bureaus and regional offices under them. However, the director or head of a bureau or regional office may investigate an administrative complaint against any official or employee under him unless otherwise restrained by the head of ministry, or unless otherwise provided in this Code.

(3) The decision of a head of bureau or regional office or of a province, city or municipality in an administrative case shall be final and executory if the penalty imposed is suspension of not more than 30 days or fine or not more than 30 days' salary or any other equal or lighter penalty, and the aggrieved party may appeal the decision only if it is shown that there is palpable injustice due either to grave abuse of discretion or patent error of law. During the pendency of the appeal the decision appealed from shall remain executory. If the penalty determined by the head of the bureau or regional office or of a province, city or municipality after investigation is suspension of more than 30 days or fine of more than 30 days' salary or any other equal or heavier penalty, he shall so state and submit his recommendation to the head of the ministry, who may adopt, modify or disregard the recommendation, and order a new or further inquiry on the case. It shall be the head of the ministry who shall

decide the case. For this purpose, the decision of the provincial governor, city mayor or municipal mayor shall be submitted to the Minister of Local Government and Community Development for decision.

(4) The decision of head of ministry or other agency or instrumentality of the government rendered in cases appealed to him or originally investigated by him shall be final and executory, if the penalty imposed is suspension of not more than 90 days or a fine of not more than 90 days' salary or any other equal or lighter penalty, and the aggrieved party may appeal the decision only if it is shown that there is palpable injustice due either to grave abuse of discretion or patent error of law. During the pendency of the appeal the decision appealed from shall remain executory.

Appeal from decisions of the head of a ministry or other agency or instrumentality of the government shall be taken to the Merit Systems Board.

(5) The decision of the head of a ministry imposing the penalty of suspension of more than 90 days or a fine of more than 90 days' salary or any other equal or heavier penalty may be appealed to the Merit Systems Board.

(6) The decisions of agencies of the government attached to a ministry and of other instrumentalities of the government such as government-owned or controlled corporations may be appealed directly to the Merit Systems Board.

(7) As a rule, a decision of the Merit Systems Board on cases appealed to it or on cases originally heard by it shall be appealable to the Civil Service Commission.

However, the Commission may provide in its rules that the decision of the Board is final and executory when the penalty imposed is suspension of 120 days or less or a fine equivalent to 120 days' salary or less, or any other equal or lighter penalty, which may not be appealed unless it is shown that there is palpable injustice due to either grave abuse of discretion or patent error of law.

During the pendency of the appeal the decision appealed from shall remain executory.

All decisions of the Board imposing the penalty of more than 120 days' suspension or fine of more than 120 days' salary, or any other equal or heavier penalty, such as removal, shall be subject to automatic review by the Civil Service Commission.

(8) The decisions of the Civil Service Commission may be appealed to the Court of Appeals or the Supreme Court, but pending the appeal, the decision appealed from shall be executory.

SEC. 1027. *Procedure.*—Unless otherwise provided in rules and regulations which the Civil Service Commission may promulgate or issue with the view to expedite the disposition of disciplinary cases, the procedure herein prescribed shall be observed:

(1) An administrative charge or charges may be filed against a government officer or employee by (a) the disciplinary authority on his own initiative or (b) any person other than the disciplinary authority upon sworn written complaint.

(2) Anonymous or unsworn complaint shall not be entertained except when there is obvious truth or merit to the allegations in the complaint, in which case the disciplinary authority shall take the initiative in filing the charge. If the sworn written complaint is filed by any person other than the disciplinary authority, the complainant shall submit sworn statements covering his testimony and those of his witnesses together with his documentary evidence.

(3) If a *prima facie* case exists, the disciplinary authority or investigating officer shall notify the respondent in writing of the charges and require him to answer the charges under oath within five days from receipt of a copy of the complaint and other relevant documents. The respondent shall attach to his answer supporting documents and other evidence and indicate whether or not he elects

formal investigation. If the answer shows that the charge has no basis, the disciplinary authority shall dismiss the case.

(4) The formal investigation shall be commenced not earlier than five days but not later than ten days from receipt of respondent's answer and the investigation shall be terminated within thirty days from its commencement, unless the period is extended by the Commission in meritorious cases. The investigator shall submit his written report within fifteen days from the termination of the investigation and the disciplinary authority shall render a decision within thirty days from submission of said report.

(5) The evidence for the complainant and the respondent shall consist of the sworn statements and documents submitted in support of the complaint or answer, as the case may be, without prejudice to the presentation of additional evidence deemed necessary but unavailable at the time of the filing of the complaint or answer, upon which the cross-examination, by the respondent and the complainant, respectively, shall be based. Following cross-examination there may be redirect and recross-examination.

(6) Complainant and respondent may avail themselves of the services of counsel and may require the attendance of witnesses and the production of documentary evidence in their favor through the compulsory process of *subpoena* or *subpoena duces tecum*.

(7) The investigation shall be conducted only for the purpose of ascertaining the truth and without necessarily adhering to technical rules applicable in judicial proceedings. It shall be conducted by the disciplinary authority concerned or his authorized representative.

(8) Even if a respondent does not request a formal investigation, such investigation shall nevertheless be conducted when from the allegations of the complaint and the answer of the respondent, including the supporting documents, the merits of the case cannot be decided judiciously without conducting such investigation.

(9) Whenever a decision is rendered or promulgated by an agency under a ministry, a copy thereof shall be furnished to the head of ministry concerned within five days from date of promulgation.

SEC. 1028. *Summary Proceedings*.—The President/Prime Minister, upon recommendation of the head of ministry or agency concerned, may remove or dismiss from the service any government personnel without formal investigation if any of the following circumstances is present:

- (1) When respondent is charged with a serious offense and the evidence of guilt is strong;
- (2) When the respondent is a recidivist or has been repeatedly charged and there is reasonable ground to believe that he is guilty of the present charge; or
- (3) When the respondent is notoriously undesirable.

Summary proceedings, when resorted to, shall be done with utmost objectivity and impartiality to the end that no injustice is committed. Any person aggrieved by a summary dismissal shall be afforded full opportunity to vindicate himself by seeking reconsideration or appealing the order dismissing him.

Unless the President/Prime Minister indicates otherwise, the petitions for reconsideration as provided herein shall be filed with the Merit Systems Board which shall submit its findings and recommendation as to the proper penalty or other action to be imposed to the President/Prime Minister for decision.

SEC. 1029. *Petition for Reconsideration*.—(1) A respondent may file a petition for reconsideration within fifteen days from receipt of the decision based on any of the following grounds:

- (a) Newly discovered evidence which materially affects the decision rendered;
- (b) The decision is not supported by the evidence on record; or

(c) Errors of law or irregularities have been committed prejudicial to the interest of the respondent.

(2) Only one petition for reconsideration shall be entertained.

(3) A petition for reconsideration shall suspend the running of the period for appeal. A resolution on such petition shall be rendered within fifteen days from receipt thereof.

SEC. 1030. *Appeal.*—(1) The respondent may appeal within fifteen days from receipt of the decision by filing a notice of appeal with the disciplinary authority. The notice of appeal shall state the date of the decision appealed from, the date of receipt thereof and the grounds for the appeal. The disciplinary authority shall forward the records of the case together with the notice of appeal and his comments to the appellate authority within ten days from filing thereof.

(2) Appeals in disciplinary cases shall be decided within thirty days from receipt of the record of the case.

SEC. 1031. *Preventive Suspension.*—The disciplinary authority may preventively suspend any subordinate officer or employee under his authority pending an investigation, if the charge against such officer or employee involves dishonesty, oppression, grave misconduct, neglect in the performance of duty, or if there are reasons to believe that the respondent is guilty of the charge which would warrant his removal from the service.

SEC. 1032. *Lifting of Preventive Suspension.*—When the administrative case against the officer or employee under preventive suspension is not finally decided by the disciplinary authority within ninety days after his suspension, the respondent shall automatically be reinstated in the service. But when the delay in the disposition of the case is due to the fault, negligence or petition of the respondent, the period of delay shall not be counted in computing the period of preventive suspension. If the respondent is

exonerated, he shall be restored to his position with full pay for the period of suspension.

SEC. 1033. *Execution of the Decision.*—Decisions in disciplinary cases shall be immediately executory even pending appeal or automatic review as provided herein.

SEC. 1034. *Effects of Exoneration.*—In the event the respondent is finally exonerated, he shall be reinstated and entitled to payment of back salary and other benefits during the period that he was prevented from rendering service.

SEC. 1035. *Penalties.*—(1) In meting out punishment, the same penalties shall be imposed for similar offenses and only one penalty shall be imposed in each case. The disciplinary authority may impose the penalty of removal from the service, forced resignation without prejudice to retirement and other benefits, transfer, demotion in rank, suspension for not more than one year without pay, fine in an amount not exceeding six months' salary or reprimand. In the imposition of these penalties, the disciplinary authority shall take into consideration circumstances which may either mitigate or aggravate the offense.

(2) An admonition or a warning whether given by the Merit Systems Board or Commission or by the head of Ministry or agency shall not be considered a penalty.

SEC. 1036. *Removal of Disciplinary Penalties or Disabilities.*—The President/Prime Minister may, upon recommendation of the Commission, commute or remove disciplinary penalties imposed upon officers or employees in disciplinary cases subject to such terms and conditions as he may impose in the interest of the service.

CHAPTER 11—Miscellaneous and Penal Provisions

SEC. 1037. *Committee, Special Investigators and Examiners.*—The Commission, with the approval of the proper head of ministry or agency, may designate suitable persons

in the government service to act as special examiners, special investigators, or members of examining committees or other committees on civil service matters. The persons so designated shall perform such duties as the Commission may require and, in the performance of such duties, they shall be under its control and supervision. They may be entitled to allowances or per diems for their services, to be paid out of its funds and at the rate to be determined by the Commission.

SEC. 1038. *Fees.*—The Commission shall charge and collect reasonable fees for civil service examinations, certifications of civil service ratings, service records or other documents, training courses, seminars, workshops on personnel and other civil service matters administered by the Commission or jointly with other agencies of the government. The Commission may authorize the Ministry or agency concerned to take charge and collect fees for civil service examinations for the account of the Commission. The fees so collected shall be used to defray expenses in civil service examinations, training activities and other Commission programs.

SEC. 1039. *Authority to Administer Oaths.*—The Chairman and members of the Commission, Merit Systems Board, Directors of Offices, Regional Directors, Assistant Directors, Assistant Regional Directors, attorneys and examiners of the Commission, officers designated under Section—to conduct investigation and any other officer who may be designated in writing by the Commission are authorized to administer oath free of charge in connection with the transaction of official business in the Commission. Administrative Officers and Personnel Officers, or officers of equivalent rank of a ministry or agency are likewise authorized to administer oath, free of charge, on personnel matters.

SEC. 1040. *Liability of Appointing Officer.*—The appointing officer shall be personally liable for the salary of any person employed in the civil service in willful

violation of the provisions of this Title and the civil service law and rules. The disbursing officer shall deduct from the salary of the appointing officer so liable the amount corresponding to the salary paid to the appointee.

SEC. 1041. *Liability of Disbursing Officer.*—Except as otherwise provided by law, or upon prior written authority from an officer or employee, it shall be unlawful for a disbursing officer or any other fiscal officer to deduct from the salary of such officer or employee any amount for contribution or payment of obligation other than those due the government or its instrumentalities.

SEC. 1042. *Use of Buildings.*—Public officers and employees having custody of public buildings shall allow the reasonable use thereof for the conduct of civil service examinations and shall provide lighting and other necessary facilities for the purpose.

SEC. 1043. *Penal Provisions.*—Whoever makes any appointment or employs any person in willful violation of any provisions of this Title or the rules and regulations issued in pursuance thereof or whoever commits fraud, deceit or intentional misrepresentation of materials facts concerning other civil service matters, or whoever violates, refuses or neglects to comply with any of such provisions or rules, shall upon conviction be punished by a fine not exceeding one thousand pesos or by imprisonment not exceeding six months, or both at the discretion of the court.

TITLE B.—COMMISSION ON ELECTIONS

CHAPTER 1—*General Provisions*

SEC. 1044. *Declaration of Policy.*—The people and the Government shall at all times ensure free, orderly and honest elections.

SEC. 1045. Composition and Qualifications.—There shall be an independent Commission on Elections, hereafter referred to in this Title as the Commission, composed of a Chairman and eight Commissioners, who shall be natural-born citizens of the Philippines and, at the time of their appointment, at least thirty-five years of age and holders of a college degree. However, a majority thereof, including the Chairman, shall be members of the Philippine Bar who have been engaged in the practice of law for at least ten years.

SEC. 1046. Appointment and Term of Office.—The Chairman and the Commissioners shall be appointed by the President/Prime Minister for a term of seven years without reappointment. Appointment to any vacancy shall be only for the unexpired portion of the term of the predecessor.

SEC. 1047. Disqualifications.—(1) No member of the Commission shall, during his term of office, engage in the practice of any profession or in the management of any business, or be financially interested directly or indirectly in any contract with, or in any franchise or privilege granted by, the Government, or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations.

(2) No Chairman or member of the Commission shall sit in any case in which he has manifested or harbored bias, prejudice or antagonism against any party thereto and in connection therewith, or in any case in which he would be disqualified under the Rules of Court.

SEC. 1048. Powers and Functions.—The Commission shall:

(1) Enforce and administer all laws relative to the conduct of elections;

(2) Be the sole judge of all contests relating to the election returns, and qualifications of all members of the National Assembly and elective provincial and city officials;

(3) Decide, save those involving the right to vote, administrative questions affecting elections, including the determination of the number and location of polling places, the appointment of election officials and inspectors and the registration of voters;

(4) Deputize, with the consent or at the instance of the President/Prime Minister, law enforcement agencies and instrumentalities of the Government, including the Armed Forces of the Philippines, for the purpose of ensuring free, orderly and honest elections;

(5) Register and accredit political parties subject to the provisions of Section 8, Article XII (C) of the Constitution.

(6) Recommend to the National Assembly effective measures to minimize election expenses and prohibit all forms of election frauds and malpractices, political opportunism, guest or nuisance candidacy, or other similar acts;

(7) Submit to the President, the Prime Minister and the National Assembly a report on the conduct and manner of election; and

(8) Perform other functions provided by law.

SEC. 1049. Powers and Duties of the Chairman.—The Chairman, who shall be the Chief Executive Officer of the Commission, shall:

(1) Execute and administer the policies, decisions, orders and resolutions approved by the Commission;

(2) Direct and supervise the operations and internal administration of the Commission;

(3) Sign appointments of subordinate officials and employees made by the Commission, and enforce decisions on administrative discipline involving them;

(4) Make temporary assignments, rotate and transfer personnel in accordance with the provisions of the civil service law;

(5) Submit an annual budget to the Commission for its approval;

(6) Delegate his authority, in whole or in part, to other officials of the Commission, in accordance with the rules and regulations of the Commission; and

(7) Perform other duties authorized by the Commission.

SEC. 1050. *Hearings.*—(1) The Commission on Elections may sit *en banc* or in three divisions. All election cases may be heard and decided by a division, except contests involving members of the National Assembly which shall be heard and decided *en banc*. Except as otherwise provided by law, all election cases shall be decided within ninety days from the date of their submission for decision.

(2) All other controversies submitted to the Commission on Elections shall be decided within thirty days after submission of the case.

(3) The Commission on Elections shall adopt its own rules of procedure. Two members of the Commission shall constitute a quorum whenever it sits in divisions, and the concurrence of two members shall be necessary for the promulgation of any ruling, order or decision. In election contests involving members of the National Assembly, the presence of five Commissioners shall be necessary to constitute a quorum, and the concurrence of the majority of the Commissioners present shall be necessary for the promulgation of a decision, order or ruling. The term Commissioners shall include the Chairman. The Chairman, if present, shall preside in any session of the Commission. In his absence, the Commissioner who is first in precedence in the order of the dates of their appointment shall preside.

(4) Any decision, order or ruling of the Commission may be brought to the Supreme Court on *certiorari* by the aggrieved party within thirty days from his receipt of a copy thereof.

SEC. 1051. *Appointment of Officials and Employees.*—The Commission shall, in accordance with the Civil Service Law, appoint all its officials and employees. It may hire

under contractual basis the services of personnel necessary to carry out its functions in the holding of an election or referendum.

SEC. 1052. Executive Director; Powers and Duties.—The Executive Director of the Commission shall:

- (1) Advise and assist the Chairman in the formulation and implementation of the objectives, policies, plans and programs of the Commission;
- (2) Serve as the principal assistant of the Chairman in the overall supervision of the administrative business of the Commission;
- (3) Oversee all the operational activities of the Commission;
- (4) Coordinate the programs and projects of the Commission and be responsible for its economical, efficient and effective administration;
- (5) Serve as deputy to the Chairman in all matters relating to the operational activities of the Commission;
- (6) Administer oaths in connection with all matters relating to the business of the Commission; and
- (7) Perform other duties assigned by the Chairman.

SEC. 1053. Staff and Operating Units.—The Commission shall have the following staff and operating units: Office of the Chairman, Office of the Executive Director, Office of Electoral Contests Adjudication, Regional Offices, Election and Barangay Affairs Department, Law Department, Election Records and Statistic Department, Administrative Services Department, Planning Department, Personnel Department, Finance Services Department and Education and Information Department.

SEC. 1054. Duties and Functions of Offices and Departments of the Commission.—The different offices and departments of the Commission shall operate in accordance with their respective duties and functions assigned to them by

the Commission, subject to the requirements of efficiency, economy and effectiveness, and pertinent Budget and Civil Service Law, rules and regulations.

TITLE C—COMMISSION ON AUDIT

CHAPTER 1—*General Provisions*

SEC. 1055. *Declaration of Policy*.—All resources of the government shall be managed, expended or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition, to ensure efficiency, economy and effectiveness in the operations of Government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

SEC. 1056. *Definition of Terms*.—Unless the context otherwise requires, when used in this Title:

(1) “*Fund*” is a sum of money or other resources set aside for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constitutes an independent fiscal and accounting entity.

(2) “*Government funds*” includes public moneys of every sort and other resources pertaining to any agency of the government.

(3) “*Revenue funds*” comprises all funds derived from the income of any agency of the government and available for appropriation or expenditure in accordance with law.

(4) “*Trust funds*” refers to funds which have come officially into the possession of any agency of the government or of a public officer as trustee, agent, or administrator, or which have been received for the fulfillment of some obligation.

(5) "*Depository funds*" comprises funds over which the officer accountable therefor may retain control for the lawful purposes for which they came into his possession. It embraces moneys in any and all depositories.

(6) "*Depository*" refers to any financial institution lawfully authorized to receive government moneys upon deposit.

(7) "*Resources*" refers to the actual assets of any agency of the government such as cash, instruments representing or convertible to money, receivables, lands, buildings, as well as contingent assets, such as estimated revenues applying to the current fiscal period not accrued or collected, and bonds authorized and unissued.

(8) "*Government agency*" or "*agency of the government*," or "*agency*" refers to any ministry, bureau or office of the national government, or any of its branches and instrumentalities, or any political subdivision, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the government.

SEC. 1057. *Fundamental Principles*.—Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder:

(1) No money shall be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority.

(2) Government funds or property shall be spent or used solely for public purposes.

(3) Trust funds shall be available and may be spent only for the specific purpose for which the trust was created or the funds received.

(4) Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions and operations of the government agency.

(5) Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.

(6) Claims against government funds shall be supported with complete documentation.

(7) All laws and regulations applicable to financial transactions shall be faithfully complied with.

(8) Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed.

CHAPTER 2—*The Commission on Audit*

SEC. 1058. *Organization; Qualifications and Term of Members.*—(1) The Commission on Audit, hereinafter referred to in this Title as the Commission, shall be composed of a Chairman and two Commissioners, who shall be natural-born citizens of the Philippines and, at the time of their appointment, at least forty years of age and certified public accountants or members of the Philippine Bar for at least ten years.

(2) The Chairman and the Commissioners shall be appointed by the President/Prime Minister for a term of seven years without reappointment. Of the Commissioners first appointed, one shall hold office for seven years, another for five years, and the third for three years. Appointment to any vacancy shall only be for the unexpired portion of the term of the predecessor.

SEC. 1059. *The Commission Proper.*—(1) For purposes of this Title and as a component of the organizational structure of the Commission, the Chairman and the two Commissioners shall together be known as the Commission Proper and as such shall be distinguished from the other components of the Commission consisting of the central and regional offices which are hereinafter created.

(2) The Commission Proper shall sit as a body to determine policies, promulgate rules and regulations, and prescribe standards governing the performance by the Commission of its powers and functions.

(3) The Chairman shall be the presiding officer of the Commission Proper and, as the chief executive officer of the Commission, shall be responsible for the general administration of the Commission.

(4) The Chairman and each Commissioner shall have such technical and clerical personnel in their respective offices as may be required by the exigencies of the service.

SEC. 1060. Central and Regional Offices.—(1) The Commission shall have as central offices an Administrative Office, a Planning, Financial and Management Office, a Legal Office, an Accountancy Office, a National Government Audit Office, a Local Government Audit Office, a Corporate Audit Office, a Performance Audit Office, a Manpower Development Office, and a Technical Service Office.

(2) These central offices shall perform primarily staff functions, exercise technical supervision over the regional offices in matters pertaining to their respective functional areas, and perform such other functions as may be assigned by the Chairman.

(3) The Commission shall have such regional offices as may be required by the exigencies of the service or as may be provided by law, which shall be under the control and supervision, and serve as the immediate representative, of the Commission.

(4) The central and regional offices shall each be headed by a Manager and a Regional Director, respectively. The Manager of the Legal Office shall also be the General Counsel of the Commission.

SEC. 1061. Commission Secretariat.—There shall be a Commission Secretariat to be headed by the Secretary to the Commission who shall have the rank and privileges of a central office manager.

SEC. 1062. *The Administrative Office.*—The Administrative Office shall:

(1) Develop and maintain a personnel program which shall include recruitment, selection, appointment, performance evaluation, employee relations and welfare services; and

(2) Provide the Commission with services related to personnel, records, supplies, equipment, medical, collections and disbursements, security, general and other related services.

SEC. 1063. *The Planning, Financial, and Management Office.*—The Planning, Financial and Management Office shall:

(1) Formulate long-range and annual plans and programs for the Commission;

(2) Formulate basic policies and guidelines for the preparation of the budget of the Commission, coordinate with the Ministry of the Budget and the Office of the President/Prime Minister in the preparation of the said budget;

(3) Maintain and administer the accounting system pertaining to the accounts of the Commission;

(4) Develop and administer a system for monitoring the prices of materials, supplies and equipment purchased by the government;

(5) Develop and maintain the management information system of the Commission; and

(6) Develop and administer a management improvement program, including a system for measurement of performance of auditing units on which an annual report shall be submitted to the Chairman not later than the thirty-first day of January of each year.

SEC. 1064. *The Legal Office.*—The Legal Office shall:

(1) Perform advisory and consultative functions and render legal services with respect to the performance of the functions of the Commission and the interpretation of pertinent laws and auditing rules and regulations;

(2) Handle the investigation of administrative cases filed against the personnel of the Commission, evaluate and act on all reports of involvement of the said personnel in anomalies or irregularities in government transactions, and perform any other investigative work required by the Commission upon assignment by the Chairman;

(3) Represent the Commission in preliminary investigations of malversation cases discovered in audit, assist and collaborate with the Solicitor General and the *Tanod Bayan* in handling cases involving the Chairman or any of the Commissioners, and other officials and employees of the Commission in their official capacity; and

(4) Coordinate, for the Commission and with the appropriate legal bodies of government, with respect to legal proceedings towards the collection and enforcement of debts and claims, and the restitution of funds and property, found to be due any government agency in the settlement and adjustment of its accounts by the Commission.

SEC. 1065. *The Accountancy Office.*—The Accountancy Office shall:

(1) Prepare, for the Commission, the annual financial report of the Government, its subdivisions, agencies and instrumentalities, including government-owned or controlled corporations, and such other financial or statistical reports as may be required by the Commission;

(2) Verify appropriations of national government agencies and control fund releases thereto; and

(3) Prepare statements on revenues and expenditures of local government units, their legal borrowing and net paying capacities for re-classification and other purposes.

SEC. 1066. *The National Government Audit Office.*—The National Government Audit Office shall:

(1) Formulate and develop plans, programs, operating standards, and administrative techniques for the implementation of auditing rules and regulations in ministries, regions, bureaus and offices of the National Government;

(2) Formulate accounting rules and regulations for ministries, regions, bureaus and offices of the National Government; and

(3) Advise and assist the Chairman on matters pertaining to the audit of the ministries, regions, bureaus and offices of the National Government.

SEC. 1067. *The Local Government Audit Office.*—The Local Government Audit Office shall:

(1) Formulate and develop plans, programs, operating standards, and administrative techniques for the implementation of auditing rules and regulations in local government units;

(2) Formulate accounting rules and regulations for local government units; and

(3) Advise and assist the Chairman on matters pertaining to the audit of local government units.

SEC. 1068. *The Corporate Audit Office.*—The Corporate Audit Office shall:

(1) Formulate and develop plans, programs, operating standards, and administrative techniques for the implementation of auditing rules and regulations in government-owned or controlled corporations and self-governing boards, commissions, or agencies of the government, as well as for the conduct of audit of financial operations of public utilities and franchises;

(2) Formulate accounting rules and regulations for government-owned or controlled corporations and self-governing boards, commissions, or agencies of the government;

(3) Advise and assist the Chairman on matters pertaining to the audit of government-owned or controlled corporations and self-governing boards, commissions, or agencies of the government; and

(4) Consolidate the corporate audit reports from the regions for inclusion in the annual report of the Commission.

SEC. 1069. *The Performance Audit Office.*—The Performance Audit Office shall:

(1) Conduct, consistently with the exercise by the Commission of its visitorial powers as hereinafter conferred, variable scope audit of non-governmental firms subsidized by the government or government authority, or those required to pay levies or government share, those funded by donations through the government, and those for which the government has put up a counterpart fund; but such audits shall be limited to the funds or subsidies coming from the government; and

(2) Undertake audits of the legality of government expenditures with particular emphasis on the statutory authority governing the usage of appropriated funds.

SEC. 1070. *The Manpower Development Office.*—The Manpower Development Office shall:

(1) Formulate long-range plans for comprehensive training programs for all personnel of the Commission and personnel of the agencies of government, with respect to Commission rules and regulations and audit matters;

(2) Prepare and implement annual training programs, consistent with its long-range plans;

(3) Develop its capability to implement training programs;

(4) Set up and maintain a library for the Commission; and

(5) Publish the professional journal of the Commission.

SEC. 1071. *The Technical Service Office.*—The Technical Service Office shall:

(1) Develop and propose auditing systems for implementation in the government;

(2) Render consultancy services related to the discharge of government auditing functions;



(3) Assist in the formulation of accounting rules and regulations and in seeing to it that these are observed by agencies of government, in coordination with the Accountancy Office;

(4) Review and evaluate contracts, and inspect and appraise infrastructure projects; and

(5) Initiate special studies on auditing matters.

SEC. 1072. The Regional Offices.—Each regional office shall:

(1) Exercise supervision and control over the implementation of auditing rules and regulations in any agency of the government with principal offices or place of operations within the region, including the National Assembly;

(2) Review, analyze and consolidate local, national and corporate audit reports pertaining to the region;

(3) Upon delegation by the Commission Proper, exercise authority on internal Commission administration on personnel, planning, financial (budgetary and accounting), and legal matters pertaining to the region; and

(4) Perform other related functions assigned by the Chairman.

SEC. 1073. Auditing Units; Qualifications and Assignment of Heads—(1) There shall be in each agency of the government an auditing unit which shall be provided by the audited agency with a suitable and sufficient office space, supplies, equipment, furniture and other necessary operating expenses for its proper maintenance, including expenses for travel and transportation.

(2) The auditing unit shall be headed by an auditor assigned by the Commission who shall be a certified public accountant or a member of the Bar or a holder of a college degree in commerce or business administration, major in accounting.

(3) The corresponding assignment orders issued by the Commission to such auditors and their support personnel

holding core auditing positions shall be supplementary to their appointments which are without specification of station.

(4) The Commission shall assign the auditors and their support personnel to specific stations, and shall have the authority to make changes in such assignments and to effect a periodic reshuffle of auditors and their support personnel whenever the exigencies of the service so require. However, such changes and reshuffle shall not affect the tenure of office and status of the incumbents of the positions involved and shall not constitute a demotion or reduction in rank or salary.

(5) The creation of every new agency shall be construed to include an auditing unit therein, and the appropriation or allotment therefor is deemed to include the amounts necessary to provide such agency with adequate auditing services as determined by the Commission.

CHAPTER 3—*Jurisdiction, Powers and Functions of the Commission*

SEC. 1074. *Statement of Objectives.*—In keeping with its constitutional mandate, the Commission adheres to the following objectives:

(1) To determine whether or not the fiscal responsibility that rests directly with the head of the government agency has been properly and effectively discharged;

(2) To develop and implement a comprehensive audit program that shall encompass an examination of financial transactions, accounts and reports, including evaluation of compliance with applicable laws and regulations;

(3) To institute control measures through the promulgation of auditing and accounting rules and regulations governing the receipts, disbursements, and uses of funds and property, consistent with the total economic development efforts of the government;

- (4) To promulgate auditing and accounting rules and regulations so as to facilitate the keeping, and enhance the information value, of the accounts of the government;
- (5) To adopt measures calculated to hasten the full professionalization of its services;
- (6) To institute measures designed to preserve and ensure the independence of its representatives; and
- (7) To endeavor to bring its operations closer to the people by the delegation of authority through decentralization, consistent with the provisions of the Constitution and the laws.

SEC. 1075. *General Jurisdiction.*—The authority and powers of the Commission shall extend to and comprehend all matters relating to auditing procedures, systems and controls, the keeping of the general accounts of the Government, the preservation of vouchers pertaining thereto for a period of ten years, the examination and inspection of the books, records and papers relating to those accounts; and the audit and settlement of the accounts of all persons respecting funds or property received or held by them in an accountable capacity, as well as the examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies and instrumentalities. The said jurisdiction extends to all government-owned or controlled corporations, including their subsidiaries, and other self-governing boards, commissions, or agencies of the Government, non-governmental entities subsidized by the government, those funded by donations through the government, those required to pay levies or government share, and those for which the government has put up a counterpart fund or those partly funded by the government.

SEC. 1076. *Appointing Power.*—The Commission Proper shall appoint, in accordance with the Civil Service Law, the officials and employees of the Commission wherever they are stationed or assigned.

SEC. 1077. Examining Authority.—The Commission shall have authority to examine books, papers and documents filed by individuals and corporations with, and which are in the custody of, government offices in connection with government revenue collection operations, for the sole purpose of ascertaining that all funds determined by the appropriate agencies as collectible and due the government have actually been collected, except as otherwise provided in the Internal Revenue Code of 1977.

SEC. 1078. Visitorial Authority.—(1) The Commission shall have visitorial authority over non-government entities subsidized by the government, those required to pay levies or government share, those which have received counterpart funds from the government or are partly funded by donations through the government. This authority, however, shall pertain only to the audit of those funds or subsidies coming from or through the government.

(2) Upon direction of the President/Prime Minister, the Commission shall likewise exercise visitorial authority over non-governmental entities whose loans are guaranteed by the Government, provided that such authority shall pertain only to the audit of the government's contingent liability.

SEC. 1079. Fees for Audit and Other Services.—(1) The Commission shall fix and collect reasonable fees for the different services rendered to non-government entities that shall be audited in connection with their dealings with the government arising from subsidies, counterpart funding by government, or where audited records become the basis for a government levy or share. Fees of this nature shall accrue to the General Fund and shall be remitted to the Treasurer of the Philippines within ten days following the completion of the audit.

(2) Whenever the Commission contracts with any government entity to render audit and related services beyond the normal scope of such services, the Commission is empowered to fix and collect reasonable fees. Such fees shall

either be appropriated in the agency's current budget, charged against its savings, or appropriated in its succeeding year's budget. Remittance shall accrue to the General Fund and shall be made to the Treasurer of the Philippines within the time provided for in the contract of service, or in the billing rendered by the Commission.

SEC. 1080. *Deputization of Private Licensed Professionals to assist Government Auditors.*—(1) The Commission may, when the exigencies of the service so require, deputize and retain in the name of the Commission such certified public accountants and other licensed professionals not in the public service as it may deem necessary to assist government auditors in undertaking specialized audit engagements.

(2) The deputized professionals shall be entitled to such compensation and allowances as may be stipulated, subject to pertinent rules and regulations on compensation and fees.

SEC. 1081. *Government Contracts for Auditing, Accounting, and Related Services.*—(1) No government agency shall enter into any contract with any private person or firm for services to undertake studies and services relating to government auditing, including services to conduct, for a fee, seminars or workshops for government personnel on these topics, unless the proposed contract is first submitted to the Commission to enable it to determine if it has the resources to undertake such studies or services. The Commission may engage the services of experts from the public or private sectors in the conduct of these studies.

(2) Should the Commission decide not to undertake the study or service, it shall nonetheless have the power to review the contract in order to determine the reasonableness of its costs.

SEC. 1082. *Prevention of Irregular, Unnecessary, Excessive, or Extravagant Expenditures of Funds or Uses of Property; Power to Disallow such Expenditures.*—The Commission shall promulgate auditing and accounting rules

and regulations for the prevention of irregular, unnecessary, excessive, or extravagant expenditures or uses of government funds or property.

SEC. 1083. Settlement of Accounts Between Agencies.— The Commission shall have the power, under such regulations as it may prescribe, to authorize and enforce the settlement of accounts subsisting between agencies of the government.

SEC. 1084. Collection of indebtedness due the government.— The Commission shall, through proper channels, assist in the collection and enforcement of all debts and claims, and the restitution of all funds or the replacement or payment at a reasonable price of property, found to be due the Government, or any of its subdivisions, agencies or instrumentalities, or any government-owned or controlled corporation or self-governing board, commission or agency, of the government, in the settlement and adjustment of its accounts. If any legal proceeding is necessary to that end, the Commission shall refer the case to the Solicitor General, the Government Corporate Counsel, or the legal staff of the creditor government office or agency concerned to institute such legal proceeding. The Commission shall extend full support in the litigation. All such moneys due and payable shall bear interest at the legal rate from the date of written demand by the Commission.

SEC. 1085. Power to Compromise Claims.— (1) When the interest of the government so requires, the Commission may compromise or release in whole or in part, any settled claim or liability to any government agency not exceeding ten thousand pesos arising out of any matter or case before it or within its jurisdiction, and with the written approval of the President/Prime Minister, it may likewise compromise or release any similar claim or liability not exceeding one hundred thousand pesos. In case the claim or liability exceeds one hundred thousand pesos, the application for relief therefrom shall be submitted, through the Commission and the President/Prime Minister, with their recommendations, to the National Assembly.

(2) The Commission may, in the interest of the government, authorize the charging or crediting to an appropriate account in the National Treasury, small discrepancies (overage or shortage) in the remittances to, and disbursements of, the National Treasury, subject to the rules and regulations as it may prescribe.

SEC. 1086. Retention of money for satisfaction of indebtedness to government.—When any person is indebted to any government agency, the Commission may direct the proper officer to withhold the payment of any money due such person or his estate to be applied in satisfaction of the indebtedness.

SEC. 1087. Authority to Examine Accounts of Public Utilities.—(1) The Commission shall examine and audit the books, records and accounts of public utilities in connection with the fixing of rates of every nature, or in relation to the proceedings of the proper regulatory agencies, for purposes of determining franchise taxes.

(2) During the examination and audit, the public utility concerned shall produce all the reports, records, books of accounts and such other papers as may be required. The Commission shall have the power to examine under oath any official or employee of the said public utility.

(3) Any public utility refusing to allow an examination and audit of its books of accounts and pertinent records, or offering unnecessary obstruction to the examination and audit, or found guilty of concealing any material information concerning its financial status shall be subject to the penalties provided by law.

SEC. 1088. Submission of Papers Relative to Obligations.—(1) The Commission shall have the power, for purposes of inspection, to require the submission of the original of any order, deed, contract, or other document under which any collection of, or payment from, government funds may be made, together with any certificate, receipt, or other evidence in connection therewith. If an authenticated copy is

needed for record purposes, the copy shall upon demand be furnished.

(2) In the case of deeds to property purchased by any government agency, the Commission shall require a certificate of title entered in favor of the government or other evidence satisfactory to it that the title is in the government.

(3) It shall be the duty of the officials or employees concerned, including those in non-government entities under audit, or affected in the audit of government and non-government entities, to comply promptly with these requirements. Failure or refusal to do so without justifiable cause shall be a ground for administrative disciplinary action as well as for disallowing permanently a claim under examination, assessing additional levy or government share, or withholding or withdrawing government funding or donations through the government.

SEC. 1089. *Investigatory and Inquisitorial Powers.*—The Chairman or any Commissioner, the central office managers, the regional directors, the auditors of any government agency, and any other official or employee of the Commission specially deputed in writing for the purpose by the Chairman shall, in compliance with the requirement of due process, have the power to summon the parties to a case brought before the Commission for resolution, issue *subpoenae* and *subpoenae duces tecum*, administer oaths, and otherwise take testimony in any investigation or inquiry on any matter within the jurisdiction of the Commission.

SEC. 1090. *Power to Punish Contempt.*—The Commission shall have the power to punish contempts provided for in the Rules of Court, under the same procedure and with the same penalties provided therein. Any violation of any final and executory decision, order or ruling of the Commission shall constitute contempt of the Commission.

SEC. 1091. *Annual Report of the Commission.*—(1) The Commission shall submit to the President, the Prime Minister and the National Assembly not later than the last day

of September of each year an annual report on the financial condition and results of operation of all agencies of the government which shall include recommendations of measures necessary to improve the efficiency and effectiveness of these agencies.

(2) To carry out the purposes of this section, the chief accountant or the official in charge of keeping the accounts of a government agency shall submit to the Commission year-end trial balances and such other supporting or subsidiary statements as may be required by the Commission not later than the fourteenth day of February. Trial balances returned by the Commission for revision due to non-compliance with accounting rules and regulations shall be resubmitted within three days after the date of receipt by the official concerned.

(3) Failure on the part of any official or employee to comply with the provisions of the immediately preceding paragraph shall cause the automatic suspension of the payment of his salary and other emoluments until he shall have complied therewith. The violation of these provisions for at least three times shall subject the offender to administrative disciplinary action.

SEC. 1092. *Statement of Monthly Receipts and Disbursements.*—The Commission shall forward to the Minister of Finance, as soon as practicable and within sixty days after the expiration of each month, a statement of all receipts of the national government of whatever class, and payments of moneys made on warrants or otherwise during the preceding month.

SEC. 1093. *Powers, Functions, Duties of Auditors as Representatives of the Commission.*—(1) The auditors shall exercise such powers and functions as may be authorized by the Commission in the examination, audit and settlement of the accounts, funds, financial transactions and resources of the agencies under their respective audit jurisdiction.

(2) A report of audit for each calendar year shall be submitted on the last working day of February following the close of the year by the head of each auditing unit through the Commission to the head or the governing body of the agency concerned, and copies thereof shall be furnished the government officials concerned or authorized to receive them. Subject to such rules and regulations as the Commission may prescribe, the report shall set forth the scope of audit and shall include statements of financial condition, surplus or deficit analysis, operations, changes in financial position, and such comments and information as may be necessary together with such recommendations with respect thereto as may be advisable, including a report of any impairment of capital noted in the audit. It shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of audit which in the opinion of the auditor has been carried out or made without authority of law. The auditor shall render such other reports as the Commission may require.

(3) In the performance of their respective audit functions as herein specified, the auditors shall employ such auditing procedures and techniques as are determined by the Commission under regulations that it may promulgate.

(4) The auditors in all auditing units shall have the custody and be responsible for the safekeeping and preservation of paid expense vouchers, journal vouchers, stubs of treasury warrants or checks, reports of collections and disbursements and similar documents, together with their respective supporting papers, under regulations of the Commission.

SEC. 1094. *Check and Audit of Property or Supplies.*—The auditor shall from time to time conduct a careful and thorough check and audit of all property or supplies of the agency to which he is assigned. Such check and audit shall not be confined to a mere inspection and examination of the pertinent vouchers, inventories, and other papers but shall include an ocular verification of the existence and condition

of the property or supplies. The recommendation of the auditor shall be embodied in the proper report.

SEC. 1095. *Annual Audit and Work Program.*—Each auditor who is the head of an auditing unit shall develop and devise an annual work program and the necessary audit program for his unit in accordance with regulations of the Commission.

SEC. 1096. *Seizure of Office by Auditor.*—(1) The books, accounts, papers and cash of any local treasurer or other accountable officer shall at all times be open to the inspection of the Commission or its authorized representative.

(2) In case an examination of the accounts of a local treasurer discloses a shortage in cash which should be on hand, it shall be the duty of the examining officer to seize the office and its contents, notify the Commission and the local chief executive, thereupon immediately take full possession of the office and its contents, close and render his accounts to the date of taking possession, and temporarily continue the public business of such office.

(3) The auditor who takes possession of the office of the local treasurer under this section shall *ipso facto* supersede the local treasurer until the officer involved is restored, or another person has been appointed or designated to the position or other provision has been lawfully made for filling the office.

SEC. 1097. *Constructive Distraint of Property of Accountable Officer.*—(1) Upon discovery in audit of a shortage in the accounts of any accountable officer and upon a finding of a *prima facie* case of malversation of public funds or property against him, in order to safeguard the interest of the Government, the Commission may place under constructive distraint personal property of the accountable officer concerned where there is reasonable ground to believe that the said officer is retiring from the government service or intends to leave the Philippines or remove his property therefrom or hide or conceal his property.

(2) The constructive distressment shall be effected by requiring the accountable officer concerned or any other person having possession or control of the property to accomplish a receipt, in the form prescribed by the Commission, covering the property distrained and obligate himself to preserve the same intact and unaltered and not to dispose of it in any manner whatever without the express authority of the Commission.

(3) In case the said accountable officer or other person having the possession and control of the property sought to be placed under constructive distressment refuses or fails to accomplish the receipt herein referred to, the representative of the Commission effecting the constructive distressment shall proceed to prepare a list of such property and, in the presence of two witnesses, leave a copy thereof in the premises where the property distrained is located, after which the said property shall be deemed to have been placed under constructive distressment.

CHAPTER 4—Decisions of the Commission

SEC. 1093. *Appeal From Decision of Auditors.*—Any person aggrieved by the decision of an auditor of any government agency in the settlement of an account or claim may, within six months from receipt of a copy thereof, appeal in writing to the Commission.

SEC. 1099. *Period for Rendering Decisions of the Commission.*—The Commission shall decide any case brought before it within sixty days from the date of its submission for resolution. If the account or claim involved in the case needs reference to other persons or offices, or to a party interested, the period shall be counted from the time the last comment necessary to a proper decision is received by it.

SEC. 1100. *Appeal from Decisions of the Commission.*—Any decision, order or ruling of the Commission may be

brought to the Supreme Court on *certiorari* by the aggrieved party within thirty days from his receipt of a copy thereof in the manner provided by law and the Rules of Court. When the decision, order or ruling adversely affects the interest of any government agency, the appeal may be taken by the proper head of that agency.

SEC. 1101. Finality of Decisions of the Commission or any Auditor.—A decision of the Commission or of any auditor upon any matter within its or his jurisdiction, if not appealed as herein provided, shall be final and executory.

SEC. 1102. Opening and Revision of Settled Accounts.—
 (1) At any time before the expiration of three years after the settlement of any account by an auditor, the Commission may *motu proprio* review and revise the account or settlement and certify a new balance. For this purpose, it may require any account, vouchers or other papers connected with the matter to be forwarded to it.

(2) When any settled account appears to be tainted with fraud, collusion, or error of calculation, or when new and material evidence is discovered, the Commission may, within three years after the original settlement, open the account and, after a reasonable time for reply or appearance of the party concerned, certify thereon a new balance. An auditor may exercise the same power with respect to settled accounts pertaining to the agencies under his audit jurisdiction.

(3) Accounts once finally settled shall in no case be opened or reviewed except as herein provided.

CHAPTER 5—*Government Auditing and Accounting*

SEC. 1103. Definition of Government Auditing.—Government auditing is the analytical and systematic examination and verification of financial transactions, operations, accounts and reports of any government agency for the pur-

pose of determining their accuracy, integrity and authenticity, and satisfying the requirements of law, rules and regulations.

SEC. 1104. General Standards.—(1) The audit shall be performed by a person possessed with adequate technical training and proficiency as auditor.

(2) In all matters relating to the audit work, the auditor shall maintain complete independence, impartiality and objectivity and shall avoid any possible compromise of his independence or any act which may create a presumption of lack of independence or the possibility of undue influence in the performance of his duties.

(3) The auditor shall exercise due professional care and be guided by applicable laws, regulations and the generally accepted principles of accounting in the performance of the audit work as well as in the preparation of audit and financial reports.

SEC. 1105. Definition of Government Accounting.—Government accounting includes the processes of analyzing, recording, classifying, summarizing and communicating all transactions involving the receipt and dispositions of government funds and property, and interpreting the results thereof.

SEC. 1106. Objectives of Government Accounting.—Government accounting shall aim to produce information concerning past operations and present conditions; provide a basis for guidance for future operations; provide for control of the acts of public bodies and officers in the receipt, disposition and utilization of funds and property; and report on the financial position and the results of operations of government agencies for the information of all persons concerned.

CHAPTER 6—Receipt and Disposition of Funds and Property

SEC. 1107. Accounting for Money and Property Received by Public Officials.—Except as may otherwise be specifically

provided by law or competent authority, all moneys and property officially received by a public officer in any capacity or upon any occasion must be accounted for as government funds and government property. Government property shall be taken up in the books of the agency concerned at acquisition cost or an appraised value.

SEC. 1108. *Special, Fiduciary and Trust Funds.*—Receipts shall be recorded as income of Special, Fiduciary or Trust Funds or Funds other than the General Fund only when authorized by law as implemented pursuant to law.

SEC. 1109. *Issuance of Official Receipt.*—(1) No payment of any nature shall be received by a collecting officer without immediately issuing an official receipt in acknowledgement thereof. The receipt may be in the form of postage, internal revenue or documentary stamps and the like, or officially numbered receipts, subject to proper custody, accountability and audit.

(2) Where mechanical devices are used to acknowledge cash receipts, the Commission may approve, upon request, exemption from the use of accountable forms.

CHAPTER 7—Application of Appropriated Funds

SEC. 1110. *Disbursement of Government Funds.*—(1) Revenue funds shall not be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority.

(2) Trust funds shall not be paid out of any public treasury or depository except in fulfillment of the purpose for which the trust was created or funds received, and upon authorization of the legislative body, or head of any other agency of the government having control thereof, and subject to pertinent budget law, rules and regulations:

(3) National revenue and trust funds shall not be withdrawn from the National Treasury except upon warrant or other instruments of withdrawal approved by the Minister of Finance as recommended by the Treasurer of the Philippines.

(4) Temporary investment of investible cash in the National Treasury in any securities issued by the National Government and its political subdivisions and instrumentalities, including government-owned or controlled corporations as authorized by the Minister of Finance, shall not be construed as disbursements of funds.

SEC. 1111. Appropriation Before Entering Into Contract.
—(1) No contract involving the expenditure of public funds shall be entered into unless there is an appropriation therefor, the unexpended balance of which, free of other obligations, is sufficient to cover the proposed expenditure.

(2) Notwithstanding this provision, contracts for the procurement of supplies and materials to be carried in stock may be entered into under regulations of the Commission provided that when issued, the supplies and materials shall be charged to the proper appropriation account.

SEC. 1112. Certificate Showing Appropriation to Meet Contract.—Except in the case of a contract for personal service, for supplies for current consumption or to be carried in stock not exceeding the estimated consumption for three months, or banking transactions of government-owned or controlled banks, no contract involving the expenditure of public funds by any government agency shall be entered into or authorized unless the proper accounting official of the agency concerned shall have certified to the officer entering into the obligation that funds have been duly appropriated for the purpose and that the amount necessary to cover the proposed contract for the current fiscal year is available for expenditure on account thereof, subject to verification by the auditor concerned. The certificate signed

by the proper accounting official and the auditor who verified it, shall be attached to and become an integral part of the proposed contract, and the sum so certified shall not thereafter be available for expenditure for any other purpose until the obligation of the government agency concerned under the contract is fully extinguished.

SEC. 1113. Void Contract and Liability of Officer.—Any contract entered into contrary to the requirements of the two immediately preceding sections shall be void, and the officer or officers entering into the contract shall be liable to the government or other contracting party for any consequent damage to the same extent as if the transaction had been wholly between private parties.

SEC. 1114. Countersigning of Warrants or Checks by Auditors.—No warrant or check shall be paid by the Treasurer of the Philippines, local treasurer, or any government depository unless it is countersigned by a duly authorized official of the Commission. When, in the opinion of the Commission, the interest of the service so requires, the warrant or check may be paid without the counter-signature under such rules and regulations as it may prescribe from time to time.

CHAPTER 8—Accountability and Responsibility For Government Funds and Property

SEC. 1115. Accountable Officers; Bond Requirements.—

(1) Every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law.

(2) Every accountable officer shall be properly bonded in accordance with law.

SEC. 1116. Primary and Secondary Responsibility.—(1) The head of any agency of the government is immediately

and primarily responsible for all government funds and property pertaining to his agency.

(2) Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him, without prejudice to the liability of either party to the government.

SEC. 1117. General Liability for Unlawful Expenditures.—Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly responsible therefor.

SEC. 1118. Prohibition Against Pecuniary Interest.—No accountable or responsible officer shall be pecuniarily interested, directly or indirectly, in any contract or transaction of the agency in which he is such an officer.

CHAPTER 9—*Miscellaneous Provisions*

SEC. 1119. Duty to Respect the Commission's Independence.—It shall be the duty of every person to respect, protect and preserve the independence of the Commission.

SEC. 1120. Administrative Disciplinary Action.—Subject to rules and regulations as may be approved by the President/Prime Minister, any unjustified failure by the public officer concerned to comply with any requirement imposed in Title C, Book V of this Code shall constitute neglect of duty and shall be a ground for administrative disciplinary action against said public officer who, upon being found guilty thereof after hearing, shall be meted out such penalty as is commensurate with the degree of his guilt in accordance with the Civil Service Law. Repeated unjustified failure to comply with the requirement imposed in Title C, Book V of this Code shall be conclusive proof that the public officer concerned is notoriously undesirable.

BOOK VI—NATIONAL GOVERNMENT BUDGETING

CHAPTER 1—General Provisions

SEC. 1121. *Definition of Terms.*—When used in this Book:

(1) “Appropriation” refers to an authorization made by law or other legislative enactment, directing payment out of government funds under specified conditions or for specified purposes.

(2) “Allotment” refers to an authorization issued by the Ministry of the Budget to an agency, which allows it to incur obligations for specified amounts contained in a legislative appropriation.

(3) “Budget” refers to a financial plan required to be prepared pursuant to Section 16 (1), Article VIII of the Constitution, reflective of national objectives, strategies and programs.

(4) “Current operating expenditure” refers to appropriations for the purchase of goods and services for current consumption or for benefits expected to terminate within the fiscal year.

(5) “Capital outlay” or “capital expenditure” refers to an appropriation for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government, including investments in the capital of government-owned or controlled corporations and their subsidiaries.

(6) “Continuing appropriation” refers to an appropriation available to support obligations for a specified purpose or project, even when these obligations are incurred beyond the budget year.

(7) “Expected result” means service, product, or benefit that will accrue to the public, estimated in terms of performance measures or targets.

(8) "Fiscal year" refers to the period beginning with the first day of January and ending with the thirty-first day of December of each calendar year.

(9) The "Government" means the National Government, including the Executive, the Legislative and the Judicial Branches, and the Constitutional Commissions.

(10) "Government-owned or controlled corporation" refers to any agency, organized as a stock or non-stock corporation by law, vested with functions relating to public needs or public services and owned by the Government either wholly, or to the extent of at least fifty-one per cent where applicable as in the case of stock corporations.

(11) "Ministry and agency" and "ministry or agency" include all ministries, bureaus, offices, boards, commissions, courts, tribunals, councils, authorities, administrations, centers, institutes, state colleges and universities, and all other establishments and instrumentalities of the National Government as defined in the preceding paragraph.

(12) "Obligation" refers to an amount committed to be paid by the government for any lawful act made by an authorized officer for and in behalf of the government.

(13) "Program" refers to the functions and activities necessary for the performance of a major purpose for which a government agency is established.

(14) "Project" means a component of a program covering a homogeneous group of activities that results in the accomplishment of an identifiable output.

CHAPTER 2—*Budget Preparation*

SEC. 1122. Submission of the Budget.—(1) The President/Prime Minister shall include in his budget submission pursuant to Section 16 (1), Article VIII of the Constitution and Section 80, Chapter 4 of Book II of this Code, the proposed expenditure levels of the Legislative and Judicial

branches, and Constitutional Bodies, which shall have undergone the same process of evaluation, subject to the same budgetary policies and standards applicable to agencies in the Executive Branch.

(2) The President/Prime Minister may transmit to the National Assembly from time to time such proposed supplemental or deficiency appropriations as are, in his judgment, necessary on account of laws enacted after the transmission of the Budget, or otherwise needed in the public interest.

SEC. 1123. Form and Contents of the Budget.—(1) The budget proposal of the President/Prime Minister shall include current operating expenditures and capital outlays. It shall comprise such funds as may be necessary for the operation of the programs, projects and activities of the various ministries and agencies. The proposed General Appropriations Act and other Appropriations Acts necessary to cover the budget proposals shall be submitted to the National Assembly to accompany the budget submission.

(2) The budget shall be presented to the National Assembly in such form and contents as may be approved by the President/Prime Minister and may include the following:

(a) A budget message setting forth in brief the government's budgetary thrusts for the budget year, including their impact on development goals, monetary and fiscal objectives and generally on the implications of the revenue, expenditure and debt proposals; and

(b) summary financial statements setting forth:

i. estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings;

ii. estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals;

iii. actual appropriations, expenditures, and receipts during the last fiscal year;

iv. estimated expenditures and receipts and actual or proposed appropriations during the current fiscal year;

v. statements of the condition of the National Treasury at the end of the last fiscal year, the estimated condition of the Treasury at the end of the current fiscal year and the estimated condition of the Treasury at the end of the ensuing fiscal year, taking into account the adoption of financial proposals contained in the budget and the unencumbered and unobligated cash resources;

vi. essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds; and

vii. such other financial statements and data necessary or desirable to make known the financial condition of the government.

SEC. 1124. Budget Levels.—(1) The ordinary income of the government shall be used to provide appropriations for current operations, except in cases of a national emergency or serious financial stress, the existence of which has been duly proclaimed by the President/Prime Minister.

(2) The level of aggregate revenue, expenditure and debt shall be jointly recommended to the President/Prime Minister by the Ministry of Finance, the National Economic and Development Authority, the Ministry of the Budget and the Central Bank of the Philippines.

(3) No appropriations for current operations and capital outlays of the Government shall be proposed unless the amount involved is covered by the ordinary income, or supported by a proposal creating additional sources of funds or revenue, including those generated from domestic and foreign borrowings, sufficient to cover the same. Likewise, no appropriation for any expenditure not covered

by the estimated income from the existing sources of revenue or available current surplus may be proposed, unless it is supported by a proposal creating an additional source of funds sufficient to cover the same.

(4) Proposals creating additional sources of funds shall be prepared in the form of revenue bills.

(5) The provisions of this section shall not be construed as impairing the power of the National Assembly to enact revenue and appropriation bills, nor the authority of the President/Prime Minister to propose special revenue and appropriation bills after the submission of the budget.

SEC. 1125 *Budget Estimates*.—The budget estimates to be submitted by ministries and agencies as required in Section 139. Chapter 2 of Book IV of this Code shall include the following information:

(1) Objectives, functions, activities, programs and projects showing the general character and relative importance of the work to be accomplished or the services to be rendered, and the principal elements of cost involved;

(2) Linkage of the work and financial proposals with the approved development plans;

(3) Estimated current operating expenditures and capital outlays, with comparative data for the preceding and current budget years;

(4) Identification by region, pursuant to policies, on the regionalization of government operations;

(5) Financial sources, reflecting all revenues, proceeds of foreign and domestic borrowings and other sources, particularly those which accrue to the General Fund;

(6) Contingent liabilities, including national government guarantees of obligations of government-owned or controlled corporations and their subsidiaries;

(7) Brief description of the major thrusts and priority programs and projects for the budget year, expected results for each budgetary program and project, the nature of

work to be performed, estimated costs per unit of work measurement, including the various objects of expenditure for each project; and

(8) Organization charts and staffing patterns indicating the list of existing and proposed positions with corresponding salaries, and proposals for position classification and salary changes, duly supported by adequate justification.

SEC. 1126. *Regional Budgets.*—(1) The budgets of national government agencies shall include specific requirements of the various regions of the country. Regional offices shall initiate agency budget proposals in accordance with approved priorities and guidelines.

(2) Agencies which are not regionalized shall nonetheless estimate the amounts planned to be spent for each region of the country.

SEC. 1127. *Budget Evaluation.*—Agency proposals shall be evaluated on the basis of their own merits and not on the basis of a given percentage or peso increase or decrease from a prior year's budget level, a given percentage of the aggregate budget level, or other factors not based on specific justification. Proposed activities, whether new or ongoing, shall be evaluated on a zero-base approach and on the basis of relationship with the approved development plan; agency capability as demonstrated by past performance; relationship with related activities of other agencies; and other similar criteria. The realization of savings in a given budget year and the consequent non-utilization of funds appropriated or released to a given agency shall not be a negative factor in the budget evaluation for a subsequent year.

SEC. 1128. *Budgetary Requirements of Government-Owned or Controlled Corporations.*—The internal operating budgets of government-owned or controlled corporations and of chartered institutions shall be approved by their respective governing boards in accordance with a budget .

calendar and format as may be approved by the President/Prime Minister. Their budgets shall be subject to review and approval as part of the budget process in cases where national government budgetary support is needed in terms of capital or equity inputs, operating contributions to support specific activities undertaken by the institution as part of its regular functions, and guarantee of the National Government for obligations or contracts entered into by the corporations. The submission of interim financial statements may be required by the Minister.

SEC. 1129. Ministry Approval of Proposed Appropriations.—No legislative proposal which would authorize subsequent appropriations shall be transmitted to the President/Prime Minister by any bureau or agency, without the prior approval of the Head of the Ministry concerned, or by the Chairman or Chief Executive Officer of a Cabinet level body which coordinates the multisectoral formulation and implementation of a particular program of expenditure involving one or more ministries. No legislative proposal involving the appropriation of funds shall be transmitted to the National Assembly without the approval of the President/Prime Minister.

CHAPTER 3—*Budget Authorization*

SEC. 1130. Contents of the General Appropriations Act.—The General Appropriations Act shall be presented in the form of budgetary programs and projects for each agency of the government, with corresponding appropriations for each program and project, including statutory provisions of specific or general applicability. No itemization of personal services shall be included in the General Appropriations Act. This itemization shall be prepared after the enactment of the General Appropriations Act for consideration and approval of the President/Prime Minister.

SEC. 1131. Automatic Appropriations.—All expenditures for (a) personnel retirement premiums, government

service insurance, and other similar fixed expenditures, (b) principal and interest on public debt, (c) national government guarantees of obligations which are drawn upon, are automatically appropriated. No obligations shall be incurred or payments made from funds thus automatically appropriated except as issued in the form of regular budgetary allotments.

SEC. 1132. *Supplemental Appropriations.*—All appropriation proposals shall be included and considered in the budget preparation process. After the President/Prime Minister shall have submitted the general appropriations bill, supplemental appropriations measures shall be considered only if supported by actually available funds or by new revenue measures.

SEC. 1133. *Reversion of Unexpended Balances of Appropriations; Continuing Appropriations.*—(1) Unexpended balances of appropriations authorized in the General Appropriations Act shall revert to the unappropriated surplus of the General Fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent legislative enactment. The appropriations for capital outlays shall remain valid until fully spent or reverted, but continuing appropriations for current operating expenditures may be specifically recommended and approved as such in support of projects the effective implementation of which calls for multi-year expenditure commitments. The President/Prime Minister, however, may authorize the use of savings realized by an agency during a given year to meet non-recurring expenditures in a subsequent year.

(2) The balances of continuing appropriations shall be reviewed as part of the annual budget preparation process and the President/Prime Minister may approve upon recommendation of the Minister, the reversion of funds no longer needed in connection with the activities funded by said continuing appropriations.

SEC. 1134. *Loan Proceeds.*—Expenditures funded by foreign and domestic borrowings shall be included within

the expenditure program of the agency concerned. Loan proceeds, whether in cash or in kind, shall not be used without the corresponding release of funds through a special budget as herein provided.

SEC. 1135. Report on Guaranty Obligations.—Government agencies, particularly government-owned or controlled corporations, shall periodically report to the Minister of Finance and to the Minister of the Budget on the status of obligations they have entered into and which are the subject of government guarantees.

SEC. 1136. Liability for Unauthorized Printing Press Revisions.—(1) It shall be unlawful for any person to make any unauthorized revision of any figure, text or provision in the General Appropriations Act and in other budget documents during or in the process of their printing. Any unauthorized change made either by addition, modification or deletion, shall be null and void.

(2) Persons who, in violation of this section, make any unauthorized revision in the General Appropriations Act and other budget documents, shall be criminally liable for falsification of public documents under the Revised Penal Code and other penal laws. When the offender is a government official or employee, he shall, in addition to criminal prosecution, be dismissed from the service.

CHAPTER 4—*Budget Execution*

SEC. 1137. Use of Appropriated Funds.—All moneys appropriated for functions, activities, projects and programs shall be available solely for the specific purposes for which they are appropriated.

SEC. 1138. Allotment of Appropriations.—Authorized appropriations shall be allotted in accordance with the procedure outlined hereunder:

(1) Appropriations authorized for any ministry or agency of the Government may be made available for expenditure when the head of each ministry or agency

submits to the Minister a request for allotment of funds showing the estimated amounts needed for each function, activity or purpose for which the funds are to be expended during the applicable allotment period. The form and the time of submission of the request for allotment showing the proposed quarterly allotments of the whole authorized appropriation for the ministry or agency, shall be prescribed by the Minister.

(2) In the administration of the allotment system herein provided, each fiscal year shall be divided into four quarterly allotment periods beginning, respectively, on the first day of January, April, July and October. In any case where the quarterly allotment period is found to be impractical or otherwise undesirable, the Minister may prescribe a different period suited to the circumstances.

(3) Request for allotment shall be approved by the Minister who shall ensure that expenditures are covered by appropriations both as to amount and purpose and who shall consider the probable needs of the ministry or agency for the remainder of the fiscal year or period for which the appropriation was made.

(4) At the end of every quarter, each ministry or agency shall report to the Minister the current status of its appropriations, the cumulative allotments, obligations incurred or liquidated, total disbursements, unliquidated obligations, unobligated and unexpended balances and the results of expended appropriations.

(5) Releases of funds appropriated for a given agency may be made to its regional offices if dictated by the need and urgency of regional activities.

(6) The Minister shall have authority to modify or amend any allotment previously issued. In case he shall find at any time that the probable receipts from taxes or other sources of any fund will be less than anticipated and that as a consequence the amount available for the remainder of the term of the appropriations or for any allotment period will be less than the amount estimated or allotted therefor, he shall, with the approval

of the President/Prime Minister and after notice to the ministry or agency concerned, reduce the amount or amounts allotted so as to conform to the targeted budgetary goals.

(7) The Minister shall maintain a control record showing quarterly by funds, accounts, and other suitable classifications, the amounts appropriated, the estimated revenues, the actual revenues or receipts, the amounts allotted and available for expenditures, the unliquidated obligations, actual balances on hand, and the unencumbered balance of the allotments for each ministry or agency of the Government.

SEC. 1139. *Special Budgets for Lump-Sum Appropriations.*—(1) Expenditures from lump sum appropriations authorized for any purpose or for any ministry, office or agency in any annual General Appropriations Act or other Acts and from any fund of the National Government shall be in accordance with a special budget to be approved by the President/Prime Minister, which shall among others, include the number of each category of position, the designation, and the proposed annual salary. This provision shall be applicable to all revolving funds and receipts, which are automatically made available for expenditure for specific purposes, aids and donations for carrying out certain activities, or deposits made to cover the cost of special services to be rendered to private parties. Unless otherwise expressly provided by law, when any Board, head of ministry, chief of bureau or office, or any other official is authorized to allot, distribute or spend any lump-sum appropriation or special bond, trust, and other funds, such authority shall be subject to the provisions of this section.

(2) In case of lump sum appropriation for salaries and wages of temporary and emergency laborers and employees and contractual personnel provided in any General Appropriations Act or other Acts, the expenditure of such apprcpriation shall be limited to the employment of persons paid by the month, by the day, or by the hour.

SEC. 1140. *Cash Budget.*—An operational cash budget shall be implemented to ensure the availability of cash resources for priority development projects and to establish a sound basis for determining the level, type and timing of public borrowings. The procedure, format, accounts and other details necessary for the execution, monitoring and control aspects of the system shall be determined jointly by the Minister of Finance, the Minister of the Budget and the Chairman of the Commission on Audit.

SEC. 1141. *Creation of Appropriation Reserves.*—(1) The Minister may establish reserves against appropriations to provide for contingencies and emergencies which may arise later in the fiscal year and which would otherwise require a deficiency appropriation.

(2) The establishment of appropriation reserves shall not necessarily mean that such portion of the appropriation will not be made available for expenditure. Should conditions change during the fiscal year justifying the use of the reserve, necessary adjustments may be made by the Minister when requested by the ministry or agency concerned.

SEC. 1142. *Suspension of Expenditure of Appropriations.*—Except as otherwise provided in the General Appropriations Act and whenever in his judgment the public interest so requires, the President/Prime Minister, upon notice to the head of office concerned, may suspend or otherwise stop further expenditure of funds allotted for any agency, or any other expenditure authorized in the General Appropriations Act, except for personal services appropriations used for permanent officials and employees.

SEC. 1143. Transfer and Augmentation of Fund.—No law shall be passed authorizing any transfer of appropriations; however, the President/Prime Minister, the Speaker, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may by law be authorized to augment any item in the general appropriations law.

for their respective offices from savings in other items of their respective appropriations.

SEC. 1144. *Authority to Use Savings in Appropriations to Cover Deficits.*—Except as otherwise provided in the General Appropriations Act, any savings in the regular appropriations authorized therein for programs and projects of any ministry or agency may, with the prior approval of the President/Prime Minister, be used to cover a deficit in any other item of the regular appropriations. The creation of new positions or increase of salaries shall not be funded from budgetary savings, except when specifically authorized by law. Whenever authorized positions are transferred from one program or project to another within the same ministry or agency, the corresponding amounts appropriated for personal services are also deemed transferred, without increasing the total outlay for personal services of the ministry or agency concerned.

SEC. 1145. *Certification of Availability of Funds.*—(1) No funds shall be disbursed, and no expenditures or obligations chargeable against any authorized allotment shall be incurred or authorized in any ministry or agency without first securing the certification of its Chief Accountant or head of accounting unit as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.

(2) No obligation shall be certified to accounts payable unless the obligation is founded on a valid claim properly supported by sufficient evidence and authorized for the purpose. Any certification for a non-existent or fictitious obligation or creditor shall be void. The certifying official shall be dismissed from the service, without prejudice to criminal prosecution under the provisions of the Revised Penal Code and other penal laws. Any payment made under such void certification shall be illegal and every official authorizing or making such payment, or taking part therein or receiving such payment, shall be jointly and severally liable to the government for the full amount so paid or received.

SEC. 1146. Prohibition Against the Incurrence of Overdraft.—Heads of ministries and agencies shall not incur nor authorize the incurrence of expenditures or obligations in excess of allotments released by the Minister of the Budget for their respective ministries and agencies. Parties responsible for the incurrence of overdrafts shall be held personally liable therefor.

SEC. 1147. Adjustment of Appropriations for Reorganization.—(1) When under authority of law, a function or an activity is transferred or assigned from one agency to another, the balance of appropriations available and necessary to finance or discharge the transferred function or activity may, with the approval of the President/Prime Minister, be transferred and made available for use by the agency to which said function or activity is transferred or assigned. Balances so transferred shall be credited to any applicable existing appropriation account or to new appropriation accounts which are hereby authorized to be established and shall be merged with any fund already in the applicable existing or newly established appropriation account or accounts and thereafter accounted for as one fund.

(2) The funding requirements of agencies reorganized in accordance with approved reorganization plans or reorganized pursuant to law enacted after the approval of the General Appropriations Act, are deemed appropriated and shall be available for expenditure as soon as the reorganization plans are approved. The Minister of the Budget is hereby authorized to make necessary adjustments in the appropriations to carry out the provisions of this section. The Ministry Head concerned, with the approval of the Minister of the Budget, is authorized to make necessary salary adjustments resulting from final selection of personnel to fill the positions in the staffing patterns of reorganized agencies, new appointments, promotions or salary increases, subject to the provisions of existing laws.

SEC. 1148. Liability for Illegal Expenditures.—(1) Every expenditure or obligation authorized or incurred

in violation of the provisions of this Book or of the general and special provisions contained in the annual General or other Appropriations Act shall be void. Every payment made in violation of said provisions shall be illegal and every official or employee authorizing or making such payment, or taking part therein, and every person receiving such payment shall be jointly and severally liable to the Government for the full amount so paid or received.

(2) Any official or employee of the Government knowingly incurring any obligation, or authorizing any expenditure in violation of the provisions herein, or taking part therein, shall be dismissed from the service, after due notice and hearing. If the appointing official is other than the President/Prime Minister and should he fail to remove such official or employee, the President/Prime Minister may exercise the power of removal.

SEC. 1149. Accrual of Income to Unappropriated Surplus of the General Fund.—Unless otherwise specifically provided by law, all income accruing to the ministries and agencies by virtue of the provisions of existing laws, orders and regulations shall be deposited in the National Treasury or in any duly authorized depository of the Government and shall accrue to the unappropriated surplus of the General Fund. Amounts received in trust and from business-type activities of the government may be separately recorded and disbursed in accordance with the rules and regulations promulgated by the Permanent Committee created in the succeeding section.

SEC. 1150. Special, Fiduciary and Trust Funds.—Receipts shall be recorded as income of special, fiduciary or trust funds or funds other than the general fund only when authorized by the law and the rules and regulations issued by a Permanent Committee composed of the Minister of Finance, as chairman, and the Minister of the Budget and the Chairman of the Commission on Audit, as members. The Committee shall monitor and evaluate the activities and balances of all funds of the National

Government other than the general fund and may recommend for the consideration and approval of the President/Prime Minister, the reversion to the General Fund of such amounts as are no longer necessary for the attainment of the purposes for which said funds were established, needed by the General Fund in times of emergency, or violative of the rules and regulations adopted by the Committee. The conditions originally agreed upon at the time the funds were received shall be observed in case of gifts or donations or other payments made by private parties for specific purposes.

SEC. 1151. Release and Administration of Special and Fiduciary Funds.—(1) The amounts collected and accruing to Special and Fiduciary Funds shall be considered as being automatically appropriated for the purposes authorized by law creating the said Funds, except as may be otherwise provided in the General Appropriations Act, which shall be released to the implementing agencies, subject to the approval of the President/Prime Minister and to Special Budgets: PROVIDED, That funds needed for regular operation or other duly authorized purposes may be automatically released under such conditions as may be approved by the President/Prime Minister.

(2) The funds once released shall be administered by the government agency or corporation concerned and shall be utilized only for the purposes authorized in the law creating the said Special or Fiduciary Funds.

SEC. 1152. Abolition of Dormant Special and Fiduciary Funds.—The President is authorized to abolish dormant or unnecessary Special or Fiduciary Funds and transfer all assets, liabilities, surpluses and appropriations pertaining thereto, to the General Fund of the National Government. The operations of all Special and Fiduciary Funds shall be reviewed by the Minister of Finance, the Minister of the Budget and the Chairman of the Commission on Audit. They shall recommend to the President/Prime Minister the abolition of funds which are found to be dormant, or whose basis for creation no longer exists, or

whose purposes are provided for by appropriations of the General Fund, thus rendering the said Special or Fiduciary Funds unnecessary: Provided, That all taxes, levies, fees, imposts, and other income of any Special and Fiduciary Fund abolished under this section shall remain in force and shall accrue to the General Fund.

SEC. 1153. Service Fees and Honoraria.—Agencies are authorized to charge fees including honoraria and other reasonable allowances, as compensation for consultation, seminars or training programs, or technical services rendered to other government agencies or private parties. Such fees or honoraria shall be recorded as income of the government and subject to the usual accounting, auditing and other pertinent requirements and the provisions of this Chapter.

SEC. 1154. Authority to Use Savings for Certain Purposes.—Savings in the appropriations provided in the General Appropriations Act may be used for the settlement of the following obligations incurred during a current fiscal year or previous fiscal years as may be approved by the Minister in accordance with rules and procedures as may be approved by the President/Prime Minister:

(1) Claims of officials, employees and laborers who died or were injured in line of duty, including burial expenses authorized under existing law;

(2) Commutation of terminal leaves of employees due to retirement, resignation or separation from the service through no fault of their own in accordance with the provisions of existing law, including unpaid claims for commutation of maternity leave of absence;

(3) Payment of retirement gratuities or separation pay of officials and employees separated from the service due to government reorganization;

(4) Payment of salaries or money value of vacation and sick leaves of officials and employees who have been suspended or dismissed as a result of administrative or disciplinary action, or separated from the service through

no fault of their own and who have been subsequently exonerated and/or reinstated by virtue of decisions of competent authority;

(5) Salary adjustments of officials and employees whose positions are reclassified by the Office of Compensation and Position Classification, including positions embraced in the Career Executive Service;

(6) Cash awards to deserving officials and employees in accordance with civil service law;

(7) Peso support to any undertaking that may be entered into by the government with international organizations, including administrative and other incidental expenses;

(8) Any deficiency in peso counterpart fund commitments for foreign-assisted projects, as may be approved by the President/Prime Minister;

(9) Priority activities that will promote the economic well-being of the nation, including food production, agrarian reform, energy development, disaster relief and rehabilitation;

(10) Repair, improvement and renovation of government buildings and infrastructures and other capital assets damaged by natural calamities.

(11) Payment of obligations of the government or any of its ministries or agencies as a result of final judgment of the courts;

(12) Payment of valid prior years' obligations of government agencies with any other government office or agency, including government-owned or controlled corporations;

(13) Payment of expenses incurred for confidential national security purposes which shall be accounted for solely on the certification of the President/Prime Minister as Commander in Chief, or the officers in charge of national security missions as may be specifically designated by him;

(14) Obligations under perfected contracts approved by the President/Prime Minister; and

(15) Payment of outstanding obligations not exceeding ₦500.00 for each item of expenditure incurred in any previous year, upon recommendation of the head of the agency concerned and approval of the Minister of the Budget, but without prejudice to the administrative liability of the official or employee responsible for the incurrence of obligations in the absence of funds.

CHAPTER 5—*Budget Accountability*

SEC. 1155. *Evaluation of Agency Performance*.—The President/Prime Minister through the Minister, shall evaluate on a continuing basis the quantitative and qualitative measures of agency performance as reflected in the units of work measurement and other indicators, including the standard and actual costs per unit of work.

SEC. 1156. *Semi-Annual Report on Accomplishments of Government Agencies*.—The heads of ministries and agencies of the government shall submit a semi-annual report of their accomplishments, both work and financial results, in accordance with such contents and format as may be prescribed by the Minister. These reports shall be designed and used for the purpose of monitoring the efficiency and effectiveness with which budgeted funds are being utilized, and generally for verifying the attainment of goals established in the budget process.

SEC. 1157. *Failure to Submit Reports*.—Failure on the part of ministry or agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative and/or personnel officers, and other responsible officers of ministries and agencies to submit trial balances, work and financial plans, special budgets, reports of operation and income, current agency plantilla of personnel, and such other reports as may be necessary and required by the Ministry of the Budget, shall automatically cause the suspension of payment of their salaries until they have complied therewith. No appropriation authorized in the General Appropriations Act shall be made available to

pay the salary of any officer or employee who violates the provisions of this section, in addition to any disciplinary action that may be instituted against such erring official or employee.

CHAPTER 6—Expenditure of Appropriated Funds

SEC. 1158. Contracting of Activities.—Subject to provisions of law and applicable guidelines approved by the President/Prime Minister, ministries and agencies may contract for specific services which cannot be provided by the regular staff of the ministry or agency concerned, for specific period of time and definite expected output. However, contracts for implementing, monitoring and other regular and recurring activities shall not be authorized, except for personnel hired on an individual and contractual basis working as part of the organization. The cost of such contracted services shall not exceed the amount that would otherwise be incurred had the work been performed by the regular employees of government.

SEC. 1159. Authority to Receive Additional Compensation.—Officials and employees appointed to any position in another government office or agency in a concurrent capacity may, in the discretion of the President/Prime Minister, be allowed to receive additional compensation in the form of allowance or honorarium at rates he shall fix and subject to such rules and regulations he may prescribe. Such additional compensation shall be paid from the appropriations of the ministry or agency benefitting from the concurrent service.

SEC. 1160. Restrictions on Salary Increases.—No portion of the appropriations provided in the General Appropriations Act shall be used for payment of any salary increase or adjustment unless specifically authorized by law or appropriate budget circular, nor shall any appropriation for salaries authorized in the General Appropriations Act be paid, unless the positions have been classified or reclassified by the Ministry of the Budget.

SEC. 1161. Merit Increases.—The budgets of ministries and agencies shall provide for a lump-sum appropriation for merit increases, subject to such terms and conditions as may be approved by the President/Prime Minister. Such lump-sum shall be used for salary increases approved by the head of agency in recognition of meritorious performance. The Civil Service Commission and the Ministry of the Budget shall jointly issue the rules and regulations governing the grant of such merit increases.

SEC. 1162. Salary for Substitutionary Service.—When an official or employee is appointed in a temporary or acting capacity to take the place and perform the duties of another who is temporarily absent from his post with pay, the savings in the appropriations of the ministry or agency may be used for the payment of his salary or salary differential.

SEC. 1163. Prohibition against Payment of Salaries or Wages of Officials and Employees on Strike against the Government.—(1) Subject to civil service law, rules and regulations, no part of the appropriations of, or any fund available for expenditures by, any ministry or agency shall be used to pay the salaries or wages of any official or employee engaging in a strike against the Government, or government employees that, in the opinion of the Minister of Justice, asserts the right to strike against the Government.

(2) When an official in any Ministry of the Executive Branch, appointed by the President/Prime Minister is unable to perform the duties of his office due to illness, absence, or other cause, or in case of a vacancy in the office, the President/Prime Minister may designate another official already in the service or any other competent person to act temporarily in said office, and such person shall, during the period of his temporary incumbency, receive the compensation corresponding to the regular incumbent, which compensation shall be paid out of the appropriation

for the office concerned, unless he is already in the Government service in which case he shall receive only such additional compensation as, with his existing salary, shall not exceed the salary authorized by law for the position filled.

Payment of the salary provided in the preceding paragraph shall be made only with the approval of the Minister of the Budget.

SEC. 1164. Additional Compensation for Overtime Service.—Officials and employees of the National Government, when required to work overtime after regular working hours during ordinary days, during half-day sessions, or on Saturdays, Sundays and holidays by the heads of Ministries concerned, to complete a work or project within a specified time, may be paid overtime compensation from any unexpended balance of the appropriation for salaries and wages in the General Appropriations Act and under such guidelines as may be issued by the President/Prime Minister.

SEC. 1165. Compensation of Persons Receiving Pension.—A person receiving life pension, annuity or gratuity as a result of service in the national government or any local government unit, or from any government-owned or controlled corporation, who is reappointed to any position, the appropriation for the salary of which is provided from funds of the said office, shall have the option to receive either the compensation for the position, or the pension, gratuity or annuity, but in no case shall he receive both.

SEC. 1166. Prohibition of Voluntary Service.—Unless otherwise specifically approved by the President/Prime Minister, no person shall be employed or appointed in the government under the guise of voluntary service, without compensation or with compensation below the authorized hiring rate for the position but with privilege of transportation or representation expenses in any form, or of receiving per diems, allowances, honoraria, subsistence, quarters in cash or in kind, payable from government

funds. This prohibition shall not apply to voluntary service in the Armed Forces of the Philippines or in connection with relief operations.

SEC. 1167. *Additional Compensation for School Faculty Members.*—Professors, instructors, teachers, or members of the faculty of government schools, colleges and universities, when required to teach more than their regular teaching loads may be paid additional compensation not exceeding their basic monthly salary.

SEC. 1168. *Laundry.*—At the discretion of the ministry head concerned, any official or employee of the National Government serving in any hospital, penal institution, or other similar institution, who is required to wear a uniform during the performance of his duties, may be granted laundry allowance in kind, or which may be commuted at such rates as may be authorized by the Minister of the Budget.

SEC. 1169. *Hazard Pay.*—Upon recommendation of the Ministry head concerned, hazard pay may be allowed to employees who are actually assigned to danger or strife-torn areas as may be declared and for such duration, as may be fixed by the Minister of National Defense and to employees who are actually assigned in disease-infested places, radiation-exposed laboratories or working areas, or in distressed or isolated stations and camps, which expose them to great danger of contagion or peril to life. Such hazard pay shall be paid from savings of the Ministry concerned at such rates, terms and conditions as the Minister of the Budget may prescribe.

SEC. 1170. *Subsistence.*—(1) No official or employee of the national government shall be given subsistence, the cost of which is payable from any fund, except the following and only when an appropriation therefor is specifically provided:

(a) Marine officers, engineers and crew of government vessels, launches, and motor boats, who shall take their meals on the mess when aboard the said vessels, launches, or motor boats;

(b) Lightkeepers and other employees in light stations duly authorized by the head of the ministry to receive subsistence, who shall be furnished raw, canned, or preserved food supplies;

(c) Officials and employees who are required to render service within the premises of hospitals, penal institutions, leper institutions, military installations, and other similar institutions, for a continuous period that includes meal time, may be allowed full subsistence when required to live in said premises to make their services available at all times; and

(d) Laborers temporarily fielded to isolated or unsettled districts shall be furnished the usual rations or the equivalent in cash, at the expense of the government.

(2) In hospitals and leper institutions where there are no mess halls or whenever these are inadequate, personnel entitled to subsistence allowance in kind may commute such subsistence, subject to the approval by the ministry head at authorized rates chargeable against the appropriation for supplies and materials authorized in the General Appropriations Act.

SEC. 1171. *Subsistence of Crew of Government Vessels.*—The subsistence allowance for the officers and crew of the coast guard and revenue cutters and lighthouse tenders and other large vessels operated by the Government shall be spent for conducting a mess under the charge and administration of one or more members of the complement in each vessel to be designated by the corresponding head of ministry, and in accordance with regulations to be issued by him. The person or persons so designated shall keep an account of the advances of funds received and expenditures made therefrom for the operation of the mess and shall render such report to the corresponding accounting officer promptly at the end of each month.

SEC. 1172. *Furnished Quarters.*—When the position of any official or employee is provided with "furnished quarter," such official or employee shall be entitled to the use of such government-owned furniture and equipment

as are necessary for his board and lodging and those for his family, including children below twenty-one years of age.

SEC. 1173. Per Diems of Government Officials and Employees.—(1) When a government official or employee is authorized to travel on official business outside of his permanent station, he shall be entitled to per diems to cover his board and lodging in accordance with his schedule. In addition to per diems, the official or employee may be entitled to transportation expense in going to and coming from his destination and to a daily allowance while in the field. Officials and employees on travel status whose expenses for board and lodging are paid by the government shall not be entitled to receive the per diems and allowances corresponding to such payments.

(2) Ministry Heads, members of Constitutional bodies, deputy ministers and all other positions of equivalent rank are authorized the reimbursement of actual expenses supported by receipts, within such limits as may be imposed under the provisions of this section.

(3) Officials and employees authorized to travel abroad may be granted clothing allowance not oftener than once every twenty-four months.

(4) The per diems and other allowances authorized in this section shall be determined by the President/Prime Minister, which may be changed from time to time upon recommendation of a Travel Rates Committee composed of the Minister of the Budget as chairman, and the Minister of Foreign Affairs, the Minister of Tourism and the Chairman of the Commission on Audit, as members.

(5) The Committee shall review travel rates and shall recommend to the President/Prime Minister any modification in rates and policy when warranted by actual domestic or foreign travel costs.

(6) Government-owned or controlled corporations shall observe the rates established by the President/Prime Minister.

(7) The Travel Rates Committee shall issue rules and regulations to implement the provisions of this section.

SEC. 1174. Additional Conditions for Payment of Travel Expenses.—(1) When travel is done by water and subsistence is not included in the transportation cost, the amount actually and necessarily spent for subsistence during such travel time shall be paid, and no per diems shall be allowed in lieu thereof.

(2) Per diems and travel allowances shall not be paid when subsistence or allowances in kind are supplied, or other special provisions made to cover travel expenses.

(3) The travel expenses of a government official or employee who is assigned to render a special service to any private person or entity shall be paid from a deposit which the private party is required to make before the performance of the special service, subject to the limitations and requirements provided for travel expenses payable from government funds.

(4) No official or employee of the Government who remains temporarily at one station for a period longer than one month shall be paid per diems in excess of one month, unless approved by the head of Ministry concerned. In case his temporary stay in any one place exceeds three months, payment of per diems in excess thereof shall be made only upon the prior approval of the Minister.

SEC. 1175. Transportation of Members of Family of Employee Transferred from One Station to Another.—Whenever, in the exigency of the service and not at his own request, an official or employee is transferred from one station to another, said official or employee and his spouse and not more than four children below twenty-one years of age shall be paid transportation and freight for reasonable and necessary baggage and household effects, at the expense of the Government, to be paid from the appropriation for traveling expenses of the ministry or agency concerned.

SEC. 1176. Purchase, Use Operation and Maintenance of Motor Transport Equipment.—(1) No appropriation for equipment authorized in the General Appropriations Act shall be used directly or indirectly for the purchase of motor vehicles, launches, speedboats, airplanes, helicopters and other types of motor transport equipment unless authorized by the President/Prime Minister.

(2) All ministries and agencies authorized to purchase motor transport equipment including those acquired through donations, gifts or gratuitous title are likewise authorized to use, operate and maintain them for purposes of carrying out the official functions and activities of the ministry or agency. These motor vehicles shall be used strictly for official business, bear government plates, and after office hours kept in a garage provided therefor by the ministry or agency to which they belong, except when in use for official business outside office hours. The President/Prime Minister, however, may authorize exceptions from these provisions for officials of the government who work under extended hours or whose activities call for special security arrangements. Any violation of the provisions of this section shall subject the erring official or employee to administrative disciplinary action and shall be personally liable for any loss or damage caused to the government or third persons.

(3) The Commission on Audit shall issue rules and regulations governing the use, operation and maintenance of government motor transport equipment.

SEC. 1177. Limitation of Rental of Motor Vehicles.—No appropriations authorized in the General Appropriations Act shall be used for renting motor transport equipment for a continuous period of more than fifteen days, except as may be authorized by the Minister.

SEC. 1178. Limitation of Purchase of Supplies, Materials, and Equipment Spare Parts.—Except as otherwise provided in the General Appropriations Act, the stock on hand of supplies, materials and equipment spare parts, acquired through ordinary and emergency purchase, shall

at no time exceed the normal three-month requirements, subject to the pertinent rules and regulations issued by competent authority. Ministry heads may approve the build-up of stocks on hand of critical supplies and materials in anticipation of cost increases or requirements of a national emergency, and specifying maximum quantities of individual items, but in no case shall these stocks exceed more than one year's supply, unless approved by the President/Prime Minister.

SEC. 1179. Purchase of Locally Manufactured Products.—All appropriations for the purchase of equipment, supplies and materials authorized in the General Appropriations Act shall be available only for locally manufactured equipment parts, accessories, medicines and drugs, supplies and materials, except when none is available in the market or when the price of the locally manufactured article exceeds the imported ones.

SEC. 1180. Availability of Appropriations for Rental of Buildings and Grounds.—(1) Any appropriation authorized for rental of buildings and grounds for any ministry or agency shall be available for expenditures only when authorized by the ministry head concerned. Such appropriation may also be used for lease-purchase arrangements of buildings and grounds.

(2) With the concurrence of the Minister and the Minister of Finance, the head of the ministry may contract with any government financial institution for loans intended for the acquisition of land or for the construction of an office building for any of the agencies under the ministry. The annual amortization of the loans shall be taken from the appropriations for rental authorized for the ministry or agency concerned.

SEC. 1181. Misuse of Government Funds and Property.—Any public official or employee who shall apply any government fund or property under his administration or control to any use other than for which such fund or property is appropriated by law, shall suffer the penalty imposed under the appropriate penal laws.

BOOK VII—ADMINISTRATIVE PROCEDURE

CHAPTER 1—General Provisions

SEC. 1182. Scope.—This Book shall be applicable to all agencies as defined in the next succeeding section, except the National Assembly, the Judiciary, the Constitutional Commissions, military establishments in all matters relating exclusively to Armed Forces personnel, the Board of Pardons and Parole, and state universities and colleges.

SEC. 1183. Definitions—As used in this Book:

(1) “Agency” includes any ministry, bureau, office, commission, authority or officer of the national government authorized by law or executive order to make rules, issue licenses, grant rights or privileges and adjudicate cases; research institutions with respect to licensing functions; government corporations with respect to functions regulating private right, privilege, occupation or business; and officials in the exercise of disciplinary power as provided by law.

(2) “Rule” means any agency statement of general applicability that implements or interprets a law, fixes and describes the procedures in, or practice requirements of, an agency, including its regulations. The term includes the amendment or repeal of any prior rule, but does not include memoranda or statements concerning the internal administration or management of an agency not affecting the rights of, or procedure available to, the public.

(3) “Rate” means any charge to the public for a service open to all and upon the same terms, including individual or joint rates, tolls, classifications, or schedules thereof, as well as commutation, mileage, kilometerage and other special rates which shall be imposed by law or regulation to be observed and followed by any person.

(4) "Rule making" means an agency process for the formulation, amendment, or repeal of a rule.

(5) "Contested case" means any proceeding, including licensing, in which the legal rights, duties or privileges asserted by specific parties as required by the Constitution or by law are to be determined after hearing.

(6) "Person" includes an individual, partnership, corporation, association, public or private organization of any character other than an agency.

(7) "Party" includes any person or agency named or admitted as a party, or properly seeking and entitled as of right to be admitted as a party, in any agency proceeding; but nothing herein shall be construed to prevent an agency from admitting any person or agency as a party for limited purposes.

(8) "Decision" means the whole or any part of the final disposition, not of an interlocutory character, whether affirmative, negative, or injunctive in form, of an agency in any matter, including licensing, rate fixing and granting of rights and privileges.

(9) "Adjudication" means an agency process for the formulation of a final order.

(10) "License" includes the whole or any part of any agency permit, certificate, passport, clearance, approval, registration, charter, membership, statutory exemption or other form of permission, or regulation of the exercise of a right or privilege.

(11) "Licensing" includes agency process involving the grant, renewal, denial, revocation, suspension, annulment, withdrawal, limitation, amendment, modification or conditioning of a license.

(12) "Sanction" includes the whole or part of a prohibition, limitation or other condition affecting the liberty of any person; the withholding of relief; the imposition of penalty or fine; the destruction, taking, seizure or

withholding of property; the assessment of damages, reimbursement, restitution, compensation, cost, charges or fees; the revocation or suspension of license; or the taking of other compulsory or restrictive action.

(13) "Relief" includes the whole or part of any grant of money, assistance, license, authority, privilege, exemption, exception, or remedy; recognition of any claim, right, immunity, privilege, exemption or exception; or taking of any action upon the application or petition of any person.

(14) "Agency proceeding" means any agency process with respect to rule-making, adjudication and licensing.

(15) "Agency action" includes the whole or part of every agency rule, order, license, sanction, relief or its equivalent or denial thereof.

CHAPTER 2—*Rules and Regulations*

SEC. 1184. *Filing*.—(1) Every agency shall file with the National Library three certified copies of every rule adopted by it. Rules in force on the date of effectivity of this Code which are not filed within three months from that date shall not thereafter be subject to any sanction against any party or persons.

(2) The records officer of the agency, or his equivalent functionary, shall carry out the requirements of this section under pain of disciplinary action.

(3) A permanent register of all rules shall be kept by the issuing agency and shall be open to public inspection.

SEC. 1185. *Effectivity*.—In addition to other rule-making requirements provided by law not inconsistent with this Book, each rule shall become effective fifteen days from the date of filing as above provided unless a different date is fixed by law, or specified in the rule in cases of imminent danger to public health, safety and welfare, the existence of which must be expressed in a statement accompanying the rule. The agency shall take appropriate

measures to make emergency rules known to persons who may be affected by them.

SEC. 1186. *Publication and Recording.*—The National Library shall:

(1) Publish a monthly bulletin setting forth the text of rules filed with it during the preceding month; and

(2) Keep an up-to-date codification of all rules thus published and remaining in effect, together with a complete index and appropriate tables.

SEC. 1187. *Omission of Some Rules.*—(1) The National Library may omit from the bulletin or the codification any rule if its publication would be unduly cumbersome, expensive or otherwise inexpedient, but copies of that rule shall be made available on application to the agency which adopted it, and the bulletin shall contain a notice stating the general subject matter of the omitted rule and how copies thereof may be obtained.

(2) Every rule establishing an offense or defining an act which pursuant to law is punishable as a crime or subject to a penalty shall in all cases be published in full text.

SEC. 1188. *Distribution of Bulletin and Codified Rules.*—The National Library shall furnish one free copy each of every issue of the bulletin and of the codified rules or supplements to the Office of the President/Prime Minister, the National Assembly, all appellate courts and the U.P. Law Center. The bulletin and the codified rules shall be made available free of charge to such public officers or agencies as the National Assembly may select, and to other persons at a price sufficient to cover publication and mailing or distribution costs.

SEC. 1189. *Judicial Notice.*—The court shall take judicial notice of the certified copy of each rule duly filed or as published in the bulletin or the codified rules.

SEC. 1190. *Public Participation.*—(1) If not otherwise required by law, an agency shall, as far as practicable,

publish or circulate notices of proposed rules and afford interested parties the opportunity to submit their views prior to the adoption of any rule.

(2) In the fixing of rates, no rule or final order shall be valid unless the proposed rates shall have been published in a newspaper of general circulation at least two weeks before the first hearing thereon.

(3) In case of opposition the rules on contested cases shall be observed.

CHAPTER 3—*Adjudication*

SEC. 1191. *Compromise and Arbitration.*—To expedite administrative proceedings involving conflicting rights or claims and obviate expensive litigations, every agency shall, in the public interest, encourage amicable settlement, compromise and arbitration.

SEC. 1192. *Notice and Hearing in Contested Cases.*—(1) In any contested case all parties shall be entitled to notice and hearing. The notice shall be served at least five days before the date of the hearing and shall state the date, time and place of the hearing.

(2) The parties shall be given opportunity to present evidence and argument on all issues. If not precluded by law, informal disposition may be made of any contested case by stipulation, agreed settlement or default.

(3) The agency shall keep an official record of its proceedings.

SEC. 1193. *Rules of Evidence.*—In a contested case:

(1) The agency may admit and give probative value to evidence commonly accepted by reasonably prudent men in the conduct of their affairs.

(2) Documentary evidence may be received in the form of copies or excerpts, if the original is not readily available. Upon request, the parties shall be given opportunity

to compare the copy with the original. If the original is in the official custody of a public officer, a certified copy thereof may be accepted.

(3) Every party shall have the right to cross-examine witnesses presented against him and to submit rebuttal evidence.

(4) The agency may take notice of judicially cognizable facts and of generally cognizable technical or scientific facts within its specialized knowledge. The parties shall be notified and afforded an opportunity to contest the facts so noticed.

SEC. 1194. *Subpoena*.—In any contested case, the agency shall have the power to require the attendance of witnesses or the production of books, papers, documents and other pertinent data, upon request of any party before or during the hearing upon showing of general relevance. Unless otherwise provided by law, the agency may, in case of disobedience, invoke the aid of the Court of First Instance within whose jurisdiction the contested case being heard falls. The Court may punish contumacy or refusal as contempt.

SEC. 1195. *Decision*.—Every decision rendered by the agency in a contested case shall be in writing and shall state clearly and distinctly the facts and the law on which it is based. The agency shall decide each case within thirty days following its submission. The parties shall be notified of the decision personally or by registered mail addressed to their counsel of record, if any, or to them.

SEC. 1196. *Finality of Order*.—The decision of the agency shall become final and executory fifteen days after the receipt of a copy thereof by the party adversely affected unless within that period an administrative appeal or judicial review, if proper, has been perfected. One motion for reconsideration may be filed, which shall suspend the running of the said period.

SEC. 1197. Publication and Compilation of Decisions.—

(1) Every agency shall publish and make available for public inspection all decisions or final orders in the adjudication of contested cases.

(2) It shall be the duty of the records officer of the agency or his equivalent functionary to prepare a register or compilation of those decisions or final orders for use by the public.

SEC. 1198. Licensing Procedure.—(1) When the grant renewal, denial or cancellation of a license is required to be preceded by notice and hearing, the provisions concerning contested cases shall apply insofar as practicable.

(2) Except in cases of willful violation of pertinent laws, rules and regulations or when public security, health or safety requires otherwise, no license may be withdrawn, suspended, revoked or annulled without notice and hearing.

SEC. 1199. Non-expiration of License.—Where the licensee has made timely and sufficient application for the renewal of a license or for a new license with reference to any activity of a continuing nature, the existing license shall not expire until the application shall have been finally determined by the agency.

CHAPTER 4—Administrative Appeal in Contested Cases

SEC. 1200. Appeal.—Unless otherwise provided by law or executive order, an appeal from a final decision of the agency may be taken to the Ministry Head.

SEC. 1201. Perfection of Administrative Appeals.—(1) Administrative appeals under this Chapter shall be perfected within fifteen days after receipt of a copy of the decision complained of by the party adversely affected, by filing with the agency which adjudicated the case a notice of appeal, serving copies thereof upon the prevailing party and the appellate agency, and paying the required fees.

(2) If a motion for reconsideration is denied, the movant shall have the right to perfect his appeal during the remainder of the period for appeal, reckoned from receipt of the resolution of denial. If the decision is reversed on reconsideration, the aggrieved party shall have fifteen days from receipt of the resolution within which to perfect his appeal.

(3) The agency shall, upon perfection of the appeal, transmit the records of the case to the appellate agency.

SEC. 1202. *Effect of Appeal.*—The appeal shall stay the decision appealed from if the appellate agency does not direct otherwise upon such terms as it may deem just, considering the nature and circumstances of the case.

SEC. 1203. *Action on Appeal.*—The appellate agency shall review the records of the proceedings and may, on its own initiative or upon motion, receive additional evidence.

SEC. 1204. *Finality of Decision of Appellate Agency.*—In any contested case, the decision of the appellate agency shall become final and executory fifteen days after the receipt by the parties of a copy thereof.

SEC. 1205. *Hearing Officers.*—(1) Each agency shall have such number of qualified and competent members of the bar as hearing officers as may be necessary for the hearing and adjudication of contested cases.

(2) No hearing officer shall engage in the performance of prosecuting functions in any contested case or any factually related case.

SEC. 1206. *Judicial Review.*—(1) Agency decisions shall be subject to judicial review in accordance with this chapter and applicable laws.

(2) Any party aggrieved or adversely affected by an agency decision may seek judicial review.

(3) The action for judicial review may be brought against the agency, or its officers, and all indispensable and necessary parties as defined in the Rules of Court.

(4) Appeal from an agency decision shall be perfected by filing with the agency within fifteen days from receipt of a copy thereof a notice of appeal, and with the reviewing court a petition for review of the order. Copies of the petition shall be served upon the agency and all parties of record. The petition shall contain a concise statement of the issues involved and the grounds relied upon for the review, and shall be accompanied with a true copy of the order appealed from, together with copies of such material portions of the record as are referred to therein and other supporting papers. The petition shall be under oath and shall show, by stating the specific material dates, that it was filed within the period fixed in this chapter.

(5) The petition for review shall be perfected within fifteen days from receipt of the final administrative decision. One motion for reconsideration may be allowed. If the motion is denied, the movant shall perfect his appeal during the remaining period for appeal reckoned from receipt of the resolution of denial. If the decision is reversed on reconsideration, the appellant shall have fifteen days from receipt of the resolution to perfect his appeal.

(6) The review proceeding shall be filed in the court specified by statute or, in the absence thereof, in any court of competent jurisdiction in accordance with the provisions on venue of the Rules of Court.

(7) Review shall be made on the basis of the record taken as a whole. The findings of fact of the agency when supported by substantial evidence shall be final except when specifically provided otherwise by law.

SEC. 1207. *Transmittal of Record.*—Within fifteen days from the service of the petition for review, the agency shall transmit to the court the original or a certified copy of the entire records of the proceeding under review. The record to be transmitted may be shortened by agreement of all parties to the proceedings. The court may require or permit subsequent correction or additions to the record.

TRANSITORY PROVISIONS

SEC. 1208. Reference to interim Batasang Pembansa.—Unless otherwise provided for in the 1973 Constitution or the contrary appears from the context, the term “National Assembly” as used in this Code may also refer to the “*Interim Batasang Pembansa*”.

SEC. 1209. Separated Personnel.—Personnel whose positions are abolished under this Code shall, if qualified to retire under any law, receive retirement or other benefits provided by law.

SEC. 1210. Transfer of Functions.—If not otherwise herein provided, the transfer of functions from an abolished agency to another for continuing operational purposes shall carry with it the transfer of applicable appropriations, records, equipment, property and such personnel as may be necessary.

SEC. 1211. Merger of Office.—If not otherwise herein provided, the merger of two or more agencies or any of their subordinate units shall include the consolidation of applicable appropriations, functions, records, equipment property and such personnel as may be necessary.

SEC. 1212. Pending Actions.—No action or proceeding pending before the courts, quasi-judicial or administrative bodies at the time this Code takes effect shall be affected by any change in procedure introduced herein. All proceedings thereafter instituted shall be governed by the provisions of this Code.

FINAL PROVISIONS

SEC. 1213. Repealing Clause.—The Administrative Code of 1917 is hereby repealed; and all acts, executive or administrative issuances and rules and regulations or any part thereof which are inconsistent with this Code, are likewise repealed or modified accordingly.

SEC. 1214. Separability Clause.—The provisions of this Code are hereby declared separable, and in the event any one or some of them are declared unconstitutional, the validity of other provisions shall not be affected by said declaration.

SEC. 1215. Effectivity.—This Code shall take effect immediately.

Done in the City of Manila, this 11th day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

President of the Philippines

By the President:

JACOBO C. CLAVE
Presidential Executive Assistant



Malacañang Library

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